



PRELIMINARY BOARD MEETING AGENDA
Utilities and Transportation Commission Board Room
1300 S. Evergreen Park Dr SW, Olympia 98504
February 26, 2003

*Approximate
Times*

Tab

12:00 noon	Lunch and meeting overview - Room 402, General Administration Building (<i>Members of the Senate and House Higher Education Committees invited</i>) <i>No official business will be conducted.</i>	
1:30 p.m.	<u>WELCOME AND INTRODUCTIONS</u> <ul style="list-style-type: none">• Bob Craves, HECB chair <u>CONSENT AGENDA ITEMS</u> Adoption of January 2003, HECB Meeting Minutes	1
1:35 p.m.	Legislative Update <ul style="list-style-type: none">• HECB staff briefing	2
2:00 p.m.	Master Plan 2004 / Tuition and State Financial Aid Discussion Paper HECB staff briefing Board discussion Public comment	3
3:00 p.m.	Break	
3:15 p.m.	Master Plan 2004 / Enrollment Policy HECB staff briefing Board discussion Public comment	4
4:00 p.m.	Presentation from the Washington Association of Independent Colleges and Universities (WAICU) <ul style="list-style-type: none">• Violet Boyer, president	5

4:30 p.m. Washington Student Residency Update

6

- HECB staff briefing

4:45 p.m. DIRECTOR'S REPORT

PUBLIC COMMENT

5:00 p.m. ADJOURNMENT

If you are a person with disability and require an accommodation for attendance, or need this agenda in an alternative format, please call the HECB at (360) 753-7800 as soon as possible to allow us sufficient time to make arrangements. We also can be reached through our Telecommunication Device for the Deaf at (360) 753-7809.

HECB 2003 Meeting Calendar

Date	Location
March 26, Wed.	Dept. of Information Services Board Room, Olympia
April 23, Wed.	St. Martin's College, Worthington Center, Lacey
May 28, Wed.	Dept. of Labor & Industries, Bldg., S-117, Tumwater
July 30, Wed.	Pierce College, Puyallup
Sept. 24, Wed.	Washington State University, Pullman
Oct. 29, Wed.	Renton Technical College, Renton
Dec. 3, Wed.	Dept. of Information Services Board Room, Olympia

W A S H I N G T O N
H I G H E R
EDUCATION
C O O R D I N A T I N G B O A R D

February 2003

Minutes of meeting

Jan. 29, 2003

HECB Members Present

Mr. Bob Craves, chair
Dr. Gay Selby, vice chair
Ms. Pat Stanford, secretary
Mr. Gene Colin
Ms. Roberta Greene
Mr. Herb Simon
Dr. Chang Mook Sohn
Ms. Stacey Valentin

Welcome and introductions

HECB chairman Bob Craves opened the meeting at 10:20 a.m. and started the round of introductions.

Pres. Les Purce introduced The Evergreen State College staff members present. He described how the Longhouse Cultural Center started (land owned by native American people) and how elders of the tribes continue to work with the college to turn the facility into a place of celebration, creativity, cultural and spiritual rebirth. Evergreen now has over 4,200 students. The college strives to enhance the learning experience of students by providing academic challenge and intellectual engagement.

Board members engaged Pres. Purce in a discussion on enrollments and out-of-state tuition. According to Purce, Evergreen is overenrolled by about 200, which is 67 percent up from last year. About 56 percent of the students transfer in from two-year colleges, and some are out-of-state students. The college hopes to keep out-of-state student participation at 20 - 25 percent, allowing for a broad mix of students. However, this means they would be taking up some of the limited seats available for in-state students. It's a delicate balance the college must maintain at a time of reduced state funding. If funding continues to be cut, Evergreen's strategy would be to raise in-state tuition before increasing the number of out-of-state students.

Craves commented that the *Seattle Post-Intelligencer* series on higher education would hopefully bring the issue of insufficient funding to the public's awareness and help grow higher education in the state.

Consent agenda items approved

Action: **Gene Colin** moved to approve with one vote all the items under the consent agenda:

- Dec. 2002 minutes
- 2003 report on reciprocity agreements
- Community Scholarship Matching Grants rules change; and
- New degree programs for WWU: BA in Financial Economics and BA in East Asian Studies

Herb Simon seconded the motion, which was unanimously approved by the Board.

Governor's 2003-05 biennial operating and capital budget

OFM Deputy Director Wolfgang Opitz and Senior Budget Assistant Jim Crawford summarized the Governor's budget proposal. Unlike previous biennia, this budget was developed by examining what the state is doing and what it wants to achieve. Ten results were identified, and activities to achieve those results were listed in priority order. Only those priorities listed above the cut-off amount of \$24 billion would be funded. No new revenue sources, as in a state income tax or increased sales tax, are being proposed.

Cuts to higher education institutions would be offset by a 9 percent per year tuition authority for in-state undergraduate students, and unlimited tuition increases for graduate, professional, and out-of-state students.

Stacey Valentin questioned the wisdom of allowing institutions to raise tuition. Roberta Greene pointed out that students who don't qualify for State Need Grant would get into more debts. She said someone has to stand up for new sources of revenue.

Bob Craves inquired about the P-16 education trust fund and what it would mean if the public could be convinced to make a major investment in higher education. Opitz replied that it would probably be like a dedicated funding source. Herb Simon suggested that the HECB and other Boards should partner with the Legislature to make the public understand the gravity of higher education's funding problem.

Director's report

Marc Gaspard provided updates on the agency's programs and activities, including meetings with legislators and hearings with board member participation. He reported that the Guaranteed Education Tuition program (GET) continues to experience increased enrollments. A change in the price of units will be forthcoming, and the companion college savings plan will start soon.

Legislative session update

Bruce Botka provided a status report on higher education issues that the board has been following, and bills in process.

Study on the HECB

Regarding the Washington Institute for Public Policy's survey on the HECB, several of the board members testified at hearings in both Houses. Gay Selby mentioned that the study would be on the Board's Policy Committee agenda at its next meeting. Sen. Don Carlson commented that he and some members of the Senate Higher Education Committee might want to attend that meeting. Dr. Selby then extended an invitation to Rep. Phyllis Kenney and the members of the House Higher Education Committee to the Board's Policy Committee meeting.

The responses to the Institute's survey showed a need to clarify and refocus the mission of the HECB. At his presentation of the study, Bill Chance said that the Board's statute and the higher education system in the state is strong. Washington is the only state that has a master plan developed by a board and submitted to the Legislature for approval. Dr. Selby suggested that perhaps the process of handing off the master plan from the Board to the Legislature should be looked into.

Higher education funding

In line with the Board's desire to stress the importance of higher education funding, Gay Selby introduced a draft resolution (*Res. 03-05*) reiterating the Board's position on this issue. If approved, she suggested the resolution be sent to all legislators.

Roberta Greene agreed that the Board must continue to put forth its views, and that the resolution be disseminated to everyone. Craves asked how the Board could ensure that the resolution would be read, considering the number of papers legislators receive during the session. Bruce Botka said staff would hand deliver copies of the resolution to key legislators and mail copies to the rest of the members. Herb Simon suggested that the Board's message regarding higher education funding be widely disseminated through press releases and / or editorial boards.

Action: **Herb Simon** moved for the Board's consideration of **Res. 03-05**. **Roberta Greene** seconded the motion, with the condition that the draft be amended as Gay Selby proposed, revising the phrase "*hold down tuition increases*" in paragraph nine to "*keeping tuition affordable and predictable.*" The revised draft resolution was unanimously approved.

HECB Policy Committee / Governor's tuition proposal

Gay Selby briefed the Board on the Policy Committee's recent meeting. She asked that staff provide a review of the Board's policies on doctoral degrees at the next meeting.

She recommended that the Board take action to support the Governor's tuition request as a first step to the Board's stated goal of full tuition-setting authority for the institutions. Stacey Valentin and Roberta Greene said they could not support such a motion. Valentin said institutional control does not provide stable and predictable tuition. Greene admitted she has concerns with tuition-setting authority for the institutions, and asked if it was necessary for the Board to take any action at all. Botka explained that because the Governor has taken a step back on tuition-setting authority, there is an expectation that the HECB would take a stand for or against the Governor's bill.

Pat Stanford reminded that the Board unanimously passed the earlier January 2002 tuition resolution because it provided for a dollar-for-dollar increase in the State Need Grant and going to 65 percentile on the Median Family Income. She said she would personally abstain from the vote if these two factors were not included.

Selby said she was not recommending a change or shift from the Board's previous resolution, but only wished to clarify that because of the Governor's step back, she believed the Board needed to say that it supports the 9 percent increase in tuition as an interim measure. But, in consideration of the discussion, she was withdrawing her motion.

Master Plan 2004 / Enrollment Discussion

HECB Associate Director John Fricke presented the enrollment discussion paper for the Master Plan, which describes three options to have enrollment policy drive budget policy, not vice versa.

1. Change the way state budgets are calculated to include new enrollments (include funding in the base budget to at least maintain the current service level).
2. Enact in statute an actual guarantee that added enrollment funding will be provided on equal footing with other state "entitlement" programs.
3. Offer constitutional guarantee of access to public higher education (extremely difficult to achieve; requires 2/3 majority vote of the Legislature).

Fricke discussed the benefits that can be expected of a new policy, and the next steps of the study. Asked by Selby if staff has performed a thorough review of other states with a similar policy, Fricke noted that there is not one state where enrollment policy sets the budget process.

Washington student residency issue

HECB Associate Director Nina Oman provided a quick overview of the residency issue. The basic factor in determining residency hinges on whether a student is dependent or independent, which in turn determines the state of domicile.

The Board has received notification from the University of Washington regarding proposed changes to the Washington Administration Code (WAC) sections that apply to residency. The proposal includes:

1. A stricter institutional policy for monitoring student compliance with the existing WAC, requiring students enrolled for six or more credits to overcome the presumption that they reside in the state primarily for educational purposes.
2. Wording in certain sections that requires stronger evidence or proof than what was formerly required.
3. More stringent requirements and proof required of students for establishing financial independence.

UW representatives Tim Washburn, Carol Nichols, and Regine Edwards described the process that led to the proposed changes. Because of the way the WACs are written, UW has had to classify some out-of-state students as in-state students. A review of other states' residency policies showed Washington's policy to be much more liberal. As a consequence, Washington has received many out-of-state students who come for their education as residents, and then

leave after getting their degrees. According to Washburn, the UW consulted with the Attorney General's office and was advised that the RCW is stringent enough that changes are not necessary; changes to make the law more stringent need only be made on the WACs.

Craves asked how such changes would impact enrollments. Washburn said that the UW has no plans to increase the mix of out-of-state students, which is currently at 20 percent. He requested the HECB start the process of changing the WACs to reflect the three items above. The UW would like the revised WACs effective by next year. Washburn reminded that timing is important to provide early warning to students.

Representatives from the other baccalaureate schools and the two-year colleges commented on UW's proposed changes. WSU understands the need for the changes, supports what the UW is trying to do, and will probably support the WAC changes. EWU, CWU, and the State Board for Community and Technical Colleges suggested lowering the income requirement for a student to be considered financially independent from the 80 percent recommended by the UW to 50 percent, 51 percent, and 51 percent respectively. The concern is that there could be a larger percentage of students who won't fit into the tightened category.

Additionally, CWU suggests that graduate students be considered on a different level. Most graduate students at comprehensive schools come from out-of-state. WWU outlined three concerns /adjustments: (a) possible flight out of state by students with the change in residency policy, as experienced by Utah; (b) students should be classified only once on the point of origin question; and (c) a more radical approach to graduate students is recommended, as in a blended tuition rate that ignores the state of origin.

TESC supports UW's proposal, although school officials have a concern about the provision for grandfathering students currently enrolled.

Representatives from the institutions offering comments were: Andrew Bodman, WWU; Steve Hunter, TESC; Bill Ponder, EWU; Jane Sherman, WSU; David Soltz, CWU; and Tom Woodnutt, SBCTC.

Bob Craves asked the HECB Policy Committee to review the proposed changes and comments received, and to return with a recommendation at the February meeting.

Meeting adjourned at 2:30 p.m.

RESOLUTION NO. 03-01

WHEREAS, The Washington State Higher Education Coordinating Board is directed by statute to submit by January of odd-numbered years a report on reciprocity between Washington and Idaho, Washington and British Columbia, and Washington and Oregon; and

WHEREAS, The report outlines the history and current status of reciprocity agreements, including the status of the current reciprocity agreements with Idaho, and the decisions by British Columbia and Oregon to discontinue reciprocity; and

WHEREAS, The report reviews other student exchange opportunities, in addition to reciprocity available to Washington residents and residents of neighboring states;

THEREFORE, BE IT RESOLVED, That the Washington State Higher Education Coordinating Board adopts the “2003 Report on Reciprocity Agreements and Other Student Exchange Options” and directs that the report be transmitted to the Governor and appropriate committees of the Legislature.

Adopted:

January 29, 2003

Attest:

Bob Craves, Chair

Pat Stanford, Secretary

RESOLUTION NO. 03-01

WHEREAS, The Washington State Higher Education Coordinating Board is directed by statute to submit by January of odd-numbered years a report on reciprocity between Washington and Idaho, Washington and British Columbia, and Washington and Oregon; and

WHEREAS, The report outlines the history and current status of reciprocity agreements, including the status of the current reciprocity agreements with Idaho, and the decisions by British Columbia and Oregon to discontinue reciprocity; and

WHEREAS, The report reviews other student exchange opportunities, in addition to reciprocity available to Washington residents and residents of neighboring states;

THEREFORE, BE IT RESOLVED, That the Washington State Higher Education Coordinating Board adopts the “2003 Report on Reciprocity Agreements and Other Student Exchange Options” and directs that the report be transmitted to the Governor and appropriate committees of the Legislature.

Adopted:

January 29, 2003

Attest:

Bob Craves, Chair

Pat Stanford, Secretary

RESOLUTION NO. 03-03

WHEREAS, Western Washington University is seeking approval to establish a Bachelor of Arts in Financial Economics; and

WHEREAS, The program will be the only such program in Washington; and

WHEREAS, The program will be attractive to students and employers alike; and

WHEREAS, The external reviews attest to the quality and need for the program; and

WHEREAS, The assessment plan and diversity initiatives are exemplary; and

WHEREAS, The program costs are negligible;

THEREFORE, BE IT RESOLVED, That the Higher Education approves the Western Washington University proposal to establish a Bachelor of Arts in Financial Economics, beginning in spring 2003, effective January 2003.

Adopted:

January 29, 2003

Attest:

Bob Craves, Chair

Pat Sanford, Secretary

RESOLUTION NO. 03-04

WHEREAS, Western Washington University is seeking approval to establish a Bachelor of Arts in East Asian Studies; and

WHEREAS, The program will fuel the state's economy and promote a greater understanding of a region extremely important to the Pacific Northwest; and

WHEREAS, The program will be popular among students and employers alike; and

WHEREAS, The external reviews attest to the quality and need for the program; and

WHEREAS, The program of study, faculty resources, and assessment and diversity plans are outstanding; and

WHEREAS, The program costs are negligible;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board approves the Western Washington University proposal to establish a Bachelor of Arts in East Asian Studies beginning spring 2003, effective January 2003.

Adopted:

January 29, 2003

Attest:

Bob Craves, Chair

Pat Stanford, Secretary

BOB CRAVES
Chair



MARC GASPARD
Executive Director

STATE OF WASHINGTON

HIGHER EDUCATION COORDINATING BOARD

917 Lakeridge Way • PO Box 43430 • Olympia, Washington 98504-3430 • (360) 753-7800 • FAX (360) 753-7808 • TDD (360) 753-780

RESOLUTION NO. 03-05

WHEREAS, The state of Washington's current budget shortfall threatens to undermine the state's longstanding commitment to our residents' access to an affordable, high-quality college education; and

WHEREAS, During the 1990s, the most prosperous time in Washington's history, the state allowed higher education funding to erode in comparison to other states; and

WHEREAS, Governor Locke faced a very difficult task in proposing a balanced state budget in the face of a funding shortfall of approximately \$2 billion in the 2003-05 biennium; and

WHEREAS, The Higher Education Coordinating Board appreciates the Governor's commitment to ensuring state financial aid grants keep pace with tuition increases, and his proposal to create a high-demand enrollment pool at the HECB to provide resources for new programs in fields where both student enrollment pressure and employers' needs for skilled graduates exceed available supply; and

WHEREAS, Despite these efforts, the 2003-05 budget for higher education represents an actual reduction in funding for public colleges and universities from levels that are already inadequate to meet the state's needs; and

WHEREAS, The proposed budget would shift an even-greater financial burden onto students and families in the form of 9-percent annual tuition increases with no accompanying increase in state support; and

WHEREAS, The budget makes no allowance for the 16,000 "over-enrolled" full-time students the state's colleges and universities are serving without state financial support; and

WHEREAS, This budget contains no provision in either of the next two years for a general salary increase for the state's thousands of dedicated college and university employees;

NOW, THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board renews its call for a major investment in higher education in order to increase enrollment opportunities, restore core funding, keep tuition affordable and predictable, and provide financial aid to Washington students; and

BE IT FURTHER RESOLVED, That the Higher Education Coordinating Board renews its commitment to work with members of the legislative and executive branches of state government to identify sources of dedicated funding that will preserve and enhance Washington's higher education system.

Adopted:

January 29, 2003

Attest:

Bob Craves, Chair

Pat Stanford, Secretary



HECB Legislative Issues: 2003 Status Report

February 26, 2003

Issue	HECB Perspective	Legislative Status
Biennial operating budget, 2003-05	HECB budget recommendation calls for \$1.1 billion increase for enrollment, core funding and financial aid	House Appropriations Committee budget proposal for 2003-05 is expected in mid-March, as is the next state revenue forecast. House and Senate have passed similar supplemental budgets to begin implementing budget cuts in final quarter of 2001-03 biennium
Biennial operating budget – Higher education cuts		Governor's budget includes \$139 million in base funding cuts that could be made up with revenue from authorized tuition increases of up to 9% per year. An additional \$40 million in 'non-instructional' cuts would be imposed
High-demand enrollments	HECB requests funds for competitive high-demand pool of 1,000 new FTE enrollments in 2004-05. Two- and four-year institutions would be eligible, as would privates in partnership with public colleges/universities	House and Senate Higher Education committees have had hearings on high-demand enrollment legislation (SB 5304 and HB 1422). Governor Locke's entire new enrollment proposal – 550 FTE in 2003-04 and 1,000 more in 2004-05 – would be allocated to HECB for a competitive high-demand pool
Tuition-setting authority	HECB supports granting four-year institution boards and SBCTC unrestricted tuition-setting authority for all students, including resident undergraduates	Governor's budget continues state-imposed tuition ceilings for resident undergraduates, with increases capped at 9% per year. Colleges would retain full tuition-setting authority for all other types of students Governor request legislation (HB 1437 and SB 5448) would enact his approach to tuition-setting as statutory state policy



February 2003

Discussion Paper for the 2004 Master Plan: Tuition and Financial Aid

This discussion paper provides a context for considering Washington State's tuition and financial aid policies and the influence these components have on who attends college. Specifically, the paper:

- Reviews the Board's policies on tuition and financial aid;
- Suggests measurements that could be used to assess the outcomes of these policies;
- Discusses the linkage between tuition policy and financial aid;
- Reviews the financial aid available to Washington citizens; and
- Outlines emerging financial aid issues and considerations.

State tuition and financial aid policies address several questions of public concern:

- What portion of higher education costs should be a student and family responsibility, and what portion should be the state's responsibility?
- What financial aid commitments should the state make to students and families who lack the means to meet the full price of a college education?
- And finally, in the face of steeply rising higher education costs and ever-increasing demands on the state treasury, how does the state ensure that higher education will continue to be affordable for all who can benefit from it?

I. Board Policy on Tuition and Financial Aid

A. TUITION POLICY

History

Between 1977 and 1995, state law established tuition rates as a percentage of the cost of instruction. Under this "cost-sharing" approach, the student contributed a portion of the cost and the state provided the remainder. Cost-sharing assumes that both the student and society benefit from having an educated and productive citizenry. A Carnegie Commission study determined that, nationally, tuition covered 24 percent of the cost of instruction at public higher education institutions. The Commission recommended that this proportion be increased to 33 percent within 10 years.

From 1981-82 through 1992-93, resident undergraduate tuition was 33.3 percent of the cost of instruction at the research universities, 25 percent at the comprehensive universities, and 23 percent at the community colleges. These percentages were raised in the 1993-94 and 1994-95 academic years.

Since the 1995-96 academic year, the Legislature and Governor have set or capped tuition in statute or in the state operating budget. For six years, the specific tuition increase rates were around 4 percent per year. The Board's 2000 Master Plan and 2001-03 budget recommendations urged linking future increases in tuition at public colleges and universities to changes in state per capita personal income. While not adopted as state policy, the tuition increases set by the Legislature in the late 1990s were close to the increase in per capita personal income in Washington.

In 2001-02, the maximum tuition increase for resident undergraduates was set at 6.7 percent. In 2002-03, the maximums for resident undergraduate tuition increases were 16 percent at the research universities, 14 percent at the comprehensive institutions, and 12 percent at the community and technical colleges. The institutions set tuition rates for non-residents and graduate/professional school students. The 2002-03 tuition rate increases were designed to back-fill cuts in state support for higher education.

For the 2003-05 Biennium, the Governor has proposed that resident undergraduate tuition be increased 9 percent per year and that institutions set tuition rates for non-residents and graduate/professional school students. State support for higher education is also reduced by the amount that a 9 percent tuition per year tuition increase would raise.

Current Board Tuition Policy

The current HECB policy adopted in January 2002 (Resolution No. 02-01) (Appendix A) has several parts:

- The HECB recommends that the state examine all possible sources of funding – including the possible restructuring or expansion of the state's tax system – to find the means necessary to preserve its financial commitment to public higher education through a permanent and dedicated funding source.
- ***The HECB recommends to the Governor and the Legislature that the governing boards of Washington's public colleges and universities be given tuition-setting authority.***
- Because this recommendation represents a significant change in the state's long-term tuition policy, it should be accompanied by the following actions:
 - That the governing boards preserve the long-standing state policy of affordable and predictable tuition for all citizens and develop a public process for setting tuition that provides for comment from the Governor, Legislature, HECB, students and the public;

- That the governing boards of the public colleges and universities, while recognizing that their students will continue to utilize federal and state financial aid programs, ensure that institutional financial aid be available and increased at a rate compatible with tuition increases;
- That the state maintain a baseline of overall funding support and meet its responsibility to fund projected enrollment increases and state financial aid and scholarship programs, including the increases necessary to ensure students are not deprived of access to higher education due to increases in tuition;
- That in addition to providing the funds for financial aid programs to reflect tuition increases, the state also consider improvements in other student assistance programs, such as establishing the Washington Promise Scholarship as a four-year, richer scholarship for students of merit;
- That the state provide adequate funding to expand enrollment so colleges and universities are not required to over-enroll to provide needed access to students;
- That Washington public colleges and universities meet the increasing demands and needs of citizens while maintaining accessibility for all citizens so they may achieve their higher education goals;
- That public colleges and universities continue to seek ways to be more efficient and effective with their resources;
- That the public colleges and universities determine how changes in tuition affect the demographic and socioeconomic composition of the student body; and
- That the Board join with the Governor’s Office, the Legislature and the institutions of higher education to further study the relationships between policies of state support, tuition and financial aid.

B. FINANCIAL AID POLICY

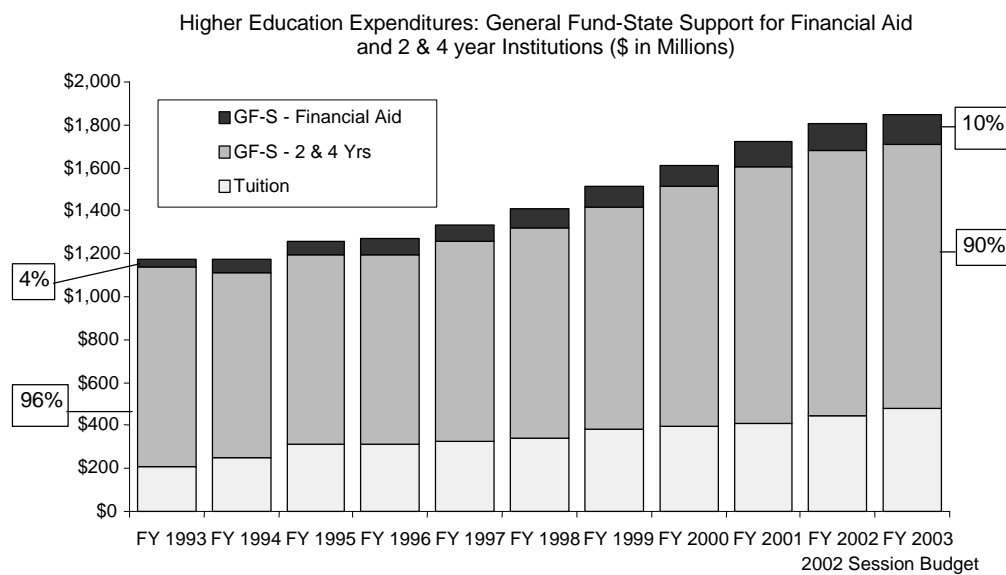
History

Washington State has a longstanding and consistent commitment to the support of financial aid programs, which have made college possible for thousands of students. The Legislature recognizes that many students do not have sufficient personal resources to pay for tuition, books, and living costs.¹ The depth of this commitment is demonstrated through statutory language. RCW 28B.10.786 states that “...financial need [should] not be a barrier to participation in higher education.”

¹ According to budget guidelines adopted by the Washington Financial Aid Association, 2002-03 academic year, tuition, books, and living expenses for students living on-campus or sharing an apartment will cost an estimated \$11,558 at a community/technical college, \$12,983 at a public comprehensive university, and \$14,065 at a public research university. The U.S. Department of Education estimates that a typical family of four, with assets in the range of \$25,000 to \$50,000, would have to earn \$80,000 to \$90,000 per year to cover these costs from current income.

Tuition policy and state support for financial aid are closely linked. RCW 28B.15.065 states, “It is the intent of the legislature that needy students not be deprived of access to higher education due to increases in educational costs or consequent increases in tuition and fees.” Since adopting that statutory intent statement in 1977, the Legislature has consistently increased funding for financial aid to protect the lowest-income students from the effects of tuition increases.

The Proportion of State Funding for Financial Aid Has Increased in Response to Tuition Increases



Source: House Office of Program Research. LEAP Expenditure Data, Winsum Reporting System

The policy framework for state financial aid programs is established in RCW 28B.10. Specifically:

- The Higher Education Coordinating Board is charged with coordinating all existing programs of financial aid, except those dedicated to a particular institution by the donor.
- State programs should complement the larger federal financial aid programs and be coordinated with other federal and institutional financial aid programs to ensure the best use of resources.
- State financial aid should be “packaged” with other sources of assistance, and cannot exceed a recipient’s financial need.
- The Board is charged with ensuring that state programs allow students to attend the eligible institution of their choice.
- Student recipients must be enrolled in a program leading to a degree or certificate from a participating college or university, and maintain satisfactory progress toward program completion.

Current Board Financial Aid Policy

The Board is committed to the policy objectives of the Legislature as established in statute. Additionally, the Board remains committed to:

- Providing State Need Grants equal to full public tuition to students with family incomes of up to 65 percent of the state median, with a focus on serving the neediest students first;
- Providing Promise Scholarships equal to full community and technical college tuition for currently eligible students; and
- Supporting the variety of state financial aid programs and the multiple public purposes they serve.

II. Tuition and Financial Aid Policy: Assessment and Accountability

The Board’s policies on tuition and financial aid are dependent on actions of the state and the institutions. How could the effectiveness of these policies be measured?

The Board’s policies on tuition and financial aid require the state and the institutions to take certain actions to ensure the continued affordability and accessibility of Washington public higher education. If the governing boards are to set tuition, the governing boards and the state must be held accountable. Below are some suggested measures to determine whether institutions and the state are performing in the public interest.

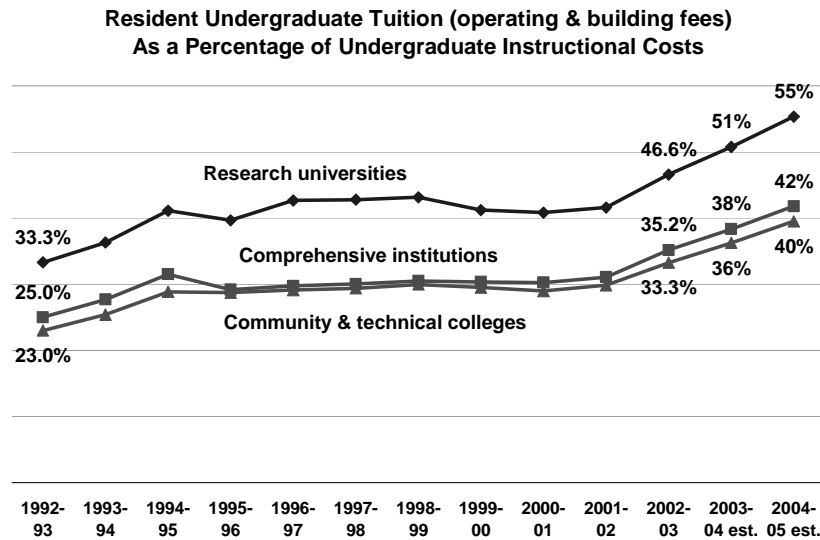
A. AFFORDABLE AND PREDICTABLE TUITION

The HECB requested that *“the governing boards preserve the long-standing state policy of affordable and predictable tuition for all citizens and develop a public process for setting tuition that provides for comment from the Governor, Legislature, HECB, students and the public;”*

This can be monitored by:

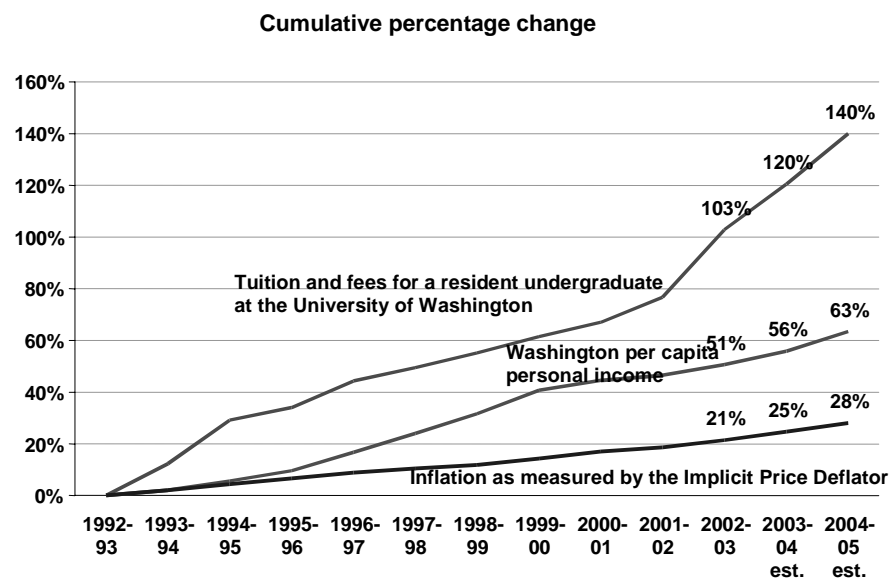
1. Examining tuition as a share of the cost of instruction;
2. Comparing tuition increases to increases in Washington per capita personal income;
3. Comparing tuition and tuition increases at Washington institutions to those at peer institutions; and
4. Requiring institutions to develop a planned process for public input.

1. Examining tuition as a share of the cost of instruction



For 18 years, tuition was set as a percent of the cost of providing instruction under a “cost sharing” approach between students/families and the state. While no longer state policy, tuition as a percent of the cost of instruction is still monitored. At a research university this share has gone from one-third in the early 1990s to 46.6 percent today. The Governor’s proposal for the 2003-05 Biennium includes annual tuition increases of 9 percent and reductions in state support, raising the student/family share to 55 percent.

2. Comparing tuition increases to increases in Washington per capita income (and inflation)



In the early 1990s, tuition increased faster than per capita income. From 1995-96 to 2001-02, it grew at about the same rate as per capita personal income. Over the past 10 years, tuition has increased over 100 percent while income has grown 51 percent and inflation has increased by 21 percent. If the Governor’s proposal for the 2003-05 Biennium were adopted, tuition will have increased 140 percent since 1992-93 while incomes will have grown 63 percent.

3. Comparing tuition and tuition increases at Washington institutions to those at peer institutions

Generally, Washington's resident undergraduate tuition rates are lower than those at similar types of institutions in other states. However, the rate of increase over the past several years has been higher in Washington than in the other states.

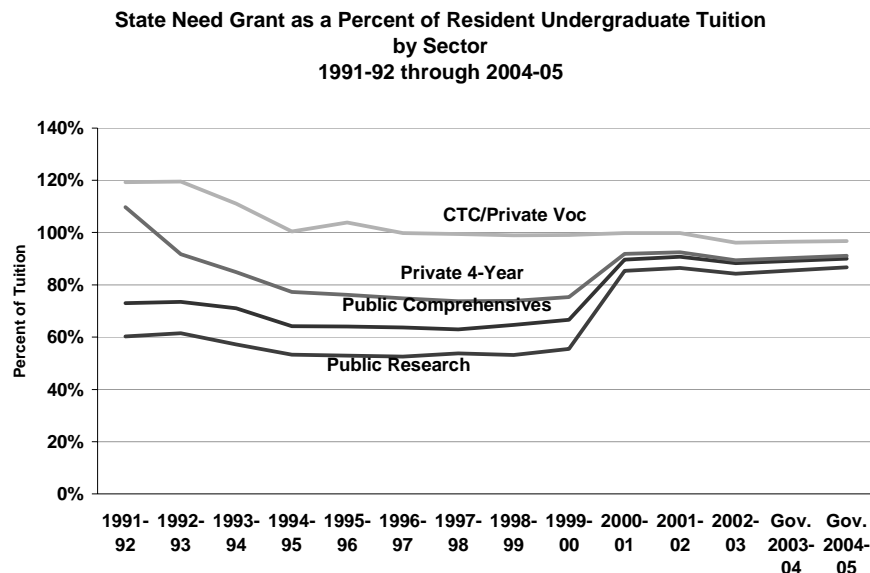
B. FINANCIAL AID INCREASES COMPARED TO TUITION INCREASES

The HECB requested *“that the state maintain and increase state financial aid and scholarship programs to ensure that students are not deprived of access to higher education due to increases in tuition.”* The Board also wanted institutions to ensure *“that financial aid be available and increased at a rate compatible with tuition increases.”*

This can be assessed by looking at financial aid awards compared to tuition. Specifically:

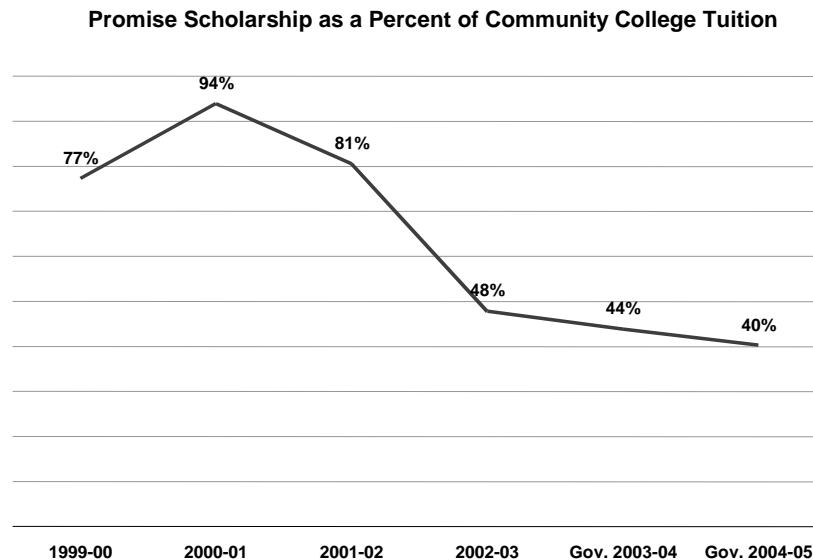
1. Whether State Need Grant awards are increasing with tuition increases;
2. Whether Promise Scholarship awards are increasing with community college tuition;
3. Whether other state aid programs are keeping pace with tuition increases; and
4. Whether institutional financial aid for needy students is growing at rates compatible with tuition increases.

1. Assessing whether State Need Grant awards are increasing with tuition increases



The target for the State Need Grant program is to provide awards equal to full tuition in each sector. The state made great progress in reaching this target in 2000-01, but lost ground in 2002-03.

2. Assessing whether Promise Scholarship awards are increasing with community college tuition



The maximum Promise Scholarship can be equal to tuition at the community colleges. In 2000-01, it equaled 94 percent of the maximum; in 2002-03 it fell to 48 percent.

3. Assessing whether other state aid programs are keeping pace with tuition increases.

The Board also can review other aid programs, such as State Work Study, Educational Opportunity Grant, Washington Scholars, and Washington Award for Vocational Excellence, to determine if the value of the awards is keeping pace with tuition increases.

4. Assessing whether institutional financial aid for needy students is growing at rates compatible with tuition increases

The institutions report to the HECB on the amount of need-based financial aid granted to needy students. In 2001-02, the average amount of institutional grants, scholarships and waivers provided to students receiving need-based financial aid was \$571 at the public four-year colleges and universities and \$126 at the community and technical colleges.

C. STATE FUNDING

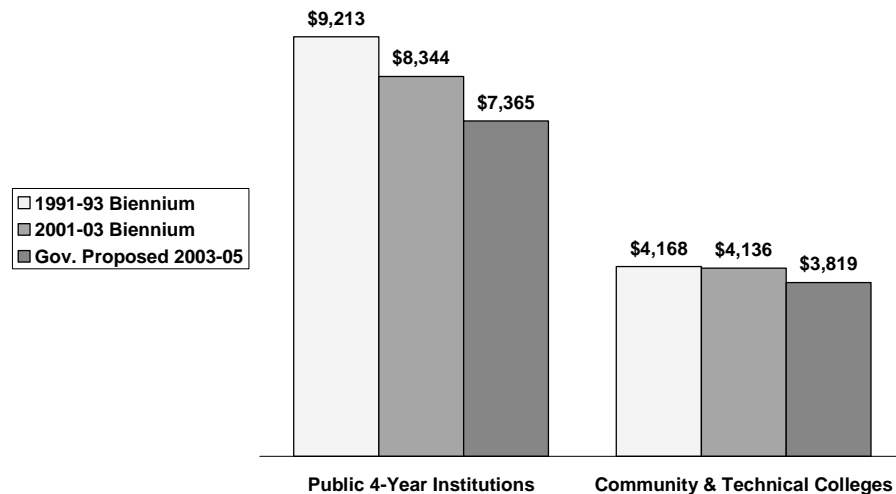
The HECB requested “*that the state maintain a baseline of overall funding support for higher education.*”

This can be monitored by:

1. Examining state funding per student over time; and
2. Comparing state funding per student at Washington institutions to funding at peer institutions.

1. Examining state funding per student over time

**State General Fund Appropriations per Budgeted FTE Student
Adjusted for Inflation (2001-03 dollars)**



Since the 1991-93 Biennium, state funding per student has declined from \$9,213 per student at the public four-year institutions, to \$8,344 after adjusting for inflation. At the community and technical colleges, the decline has been less, going from \$4,168 to \$4,136 over the same time period. Under the Governor's proposed budget for the 2003-05 Biennium, state funding per student would continue to decline – another 12 percent at the public four-year colleges and universities, and another 8 percent at the community and technical colleges.

2. Comparing state funding per student at Washington institutions to funding at peer institutions

State funding per student in Washington is significantly below state funding at comparable institutions in other states.

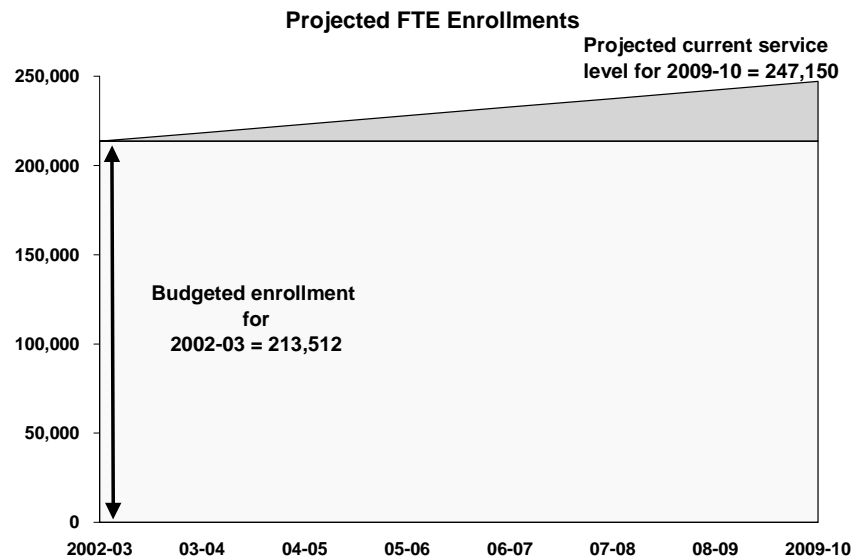
D. ENROLLMENT PRESSURES

The HECB requested “that Washington public colleges and universities meet the increasing demands and needs of citizens while maintaining accessibility for all citizens so they may achieve their higher education goals.” And further “that the state provide adequate funding to expand enrollment so colleges and universities are not required to over-enroll to provide needed access to students.”

This can be evaluated by:

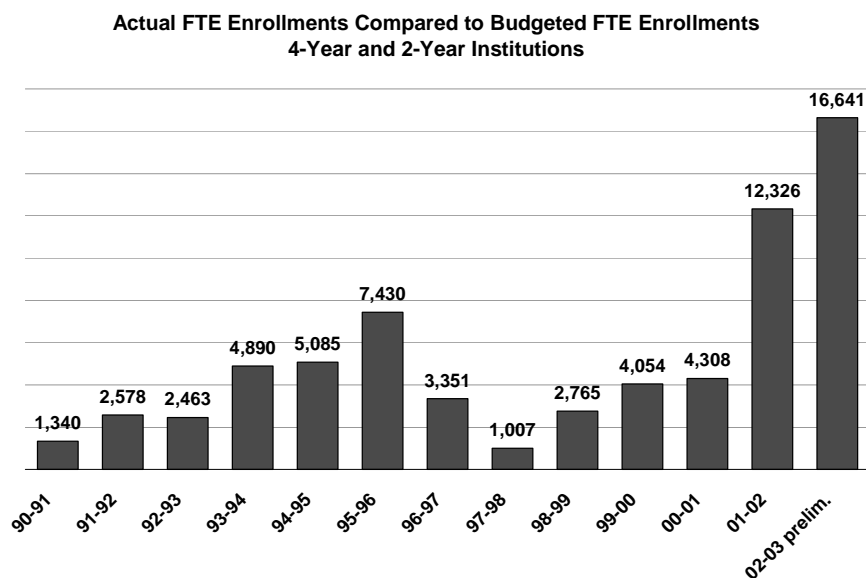
1. Comparing “participation rate forecasts” and other information that attempts to predict future demand for higher education to actual budgeted enrollments; and
2. Comparing actual enrollments to budgeted enrollments to assess whether the state is funding enrollment increases.

1. Comparing “participation rate forecasts” to actual budgeted enrollments



To maintain the “current service level,” the state would need to fund 33,600 additional full-time student slots (FTEs) at the public colleges and universities between now and 2010.

2. Comparing actual enrollments to budgeted enrollments



In the current academic year, the public colleges and universities in this state are predicted to enroll 16,600 more students than were budgeted by the Legislature.

E. EFFICIENCY AND EFFECTIVENESS

The HECB requested “*that public colleges and universities continue to seek ways to be more efficient and effective with their resources.*”

This can be evaluated by:

1. Continuing to monitor the existing institutional accountability measures; and by
2. Improving the collection and coordination of student performance data to measure and assess institutional productivity.

1. Monitoring existing accountability measures

In 1997, the HECB implemented an accountability system in consultation with the public four-year institutions, tying resources to plans and performance. Institutions prepare plans to achieve measurable and specific improvement each academic year as part of a continuing effort to make meaningful and substantial progress toward long-term performance goals. Each institution is required to report on a total of six measures:

- 1) Graduation efficiency (freshmen)
- 2) Graduation efficiency (transfers)
- 3) Undergraduate retention
- 4) Five-year freshman graduation rate
- 5) Faculty productivity (which can be measured differently by each institution)
- 6) A unique measure for each institution, reflective of its mission

The first four measures are common to all the institutions and are reported below. Graduation efficiency is calculated by dividing the total number of credits required for a bachelor’s degree (minus transfer credits) by the total number of credits completed at that institution. This calculation gives a measure of “efficiency” in terms of credits completed, rather than in terms of calendar time to degree, which can be skewed by part-time attendance. Retention rates refer to the number of undergraduate students who return for consecutive years.

Accountability			
	1996-99 Baseline	2001-02 Performance	2001-03 Target
Graduation Efficiency: Freshman			
UW	89.6	90.5	93.2
WSU	90.0	89.9	91.5
CWU	88.0	92.3	90.0
EWU	87.9	89.1	91.0
TESC	93.0	92.0	94.0
WWU	86.6	86.9	87.0
Graduation Efficiency: Transfers			
UW	81.7	82.7	87.0
WSU	81.0	83.0	83.6
CWU	83.8	89.2	85.0
EWU	77.9	78.7	83.1
TESC	90.0	90.0	90.0
WWU	80.5	79.5	82.0
Undergraduate Retention (overall)			
UW	87.2%	88.5%	92.4%
WSU	84.4%	86.1%	86.4%
CWU	80.5%	82.0%	84.0%
EWU	88.5%	85.8%	89.2%
TESC	76.0%	80.0%	78.0%
WWU	85.5%	88.4%	86.0%
5-Year Freshman Graduation Rate			
UW	63.8%	64.8%	65.0%
WSU	53.8%	53.8%	55.9%
CWU	39.4%	45.7%	45.0%
EWU	41.7%	39.5%	49.0%
TESC	45.0%	47.0%	46.0%
WWU	54.0%	54.5%	54.0%

2. Coordinating and expanding the collection of student performance data

If Washington is to effectively evaluate the effectiveness and efficiency of its public colleges and universities, access to student performance data must be improved. Currently data are collected by multiple agencies and not easily accessed for analysis. Data collection should be expanded to include student level performance data such as degrees granted, credits taken, student mobility, and post enrollment employment. This could be facilitated through a data consortium comprised of the four-year institutions, the community and technical colleges, OFM, and the Higher Education Coordinating Board. The data system should be designed to leverage existing systems to the highest degree possible.

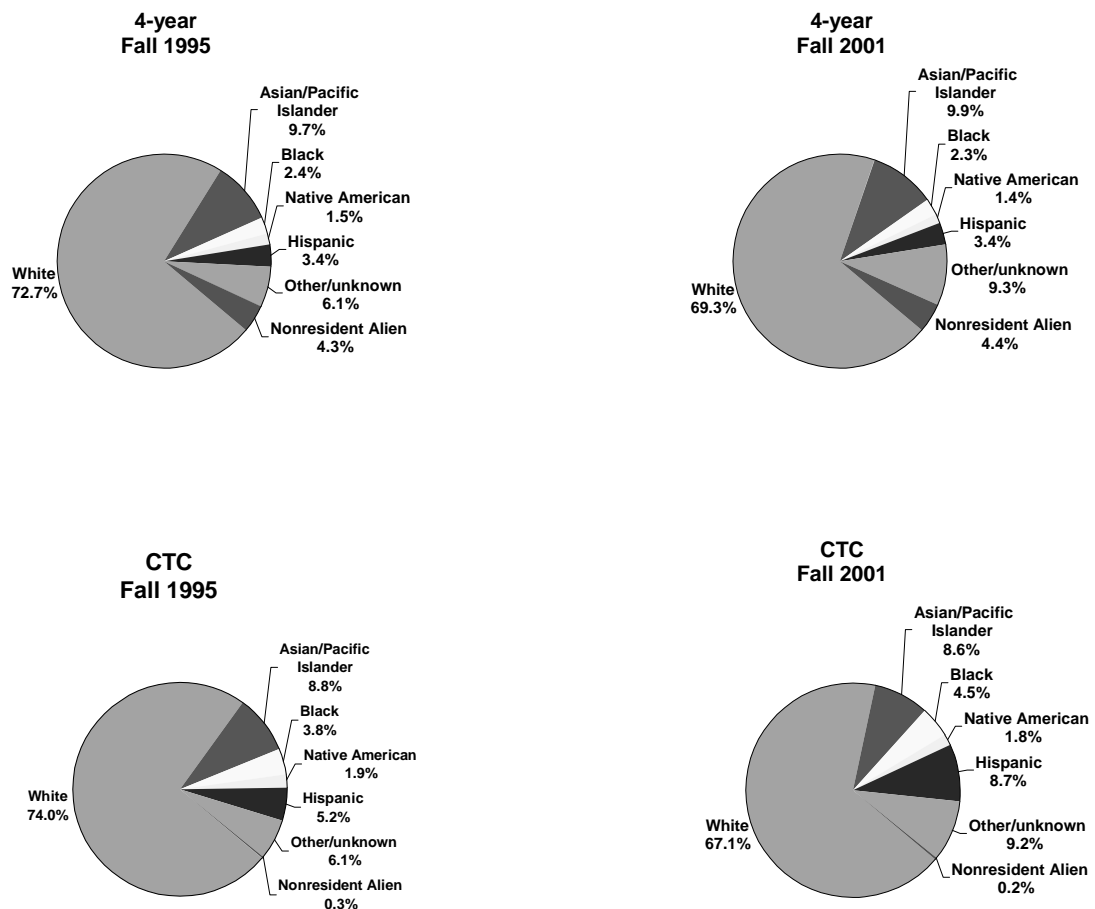
F. DEMOGRAPHICS AND SOCIOECONOMIC COMPOSITION OF THE STUDENT BODY

The HECB requested “that the public colleges and universities determine how tuition affects the demographic and socioeconomic composition of the student body.”

This can be monitored by:

- Reviewing the race/ethnicity mix of the student body over time; and
- Reviewing the percentage of lower-income students attending higher education.

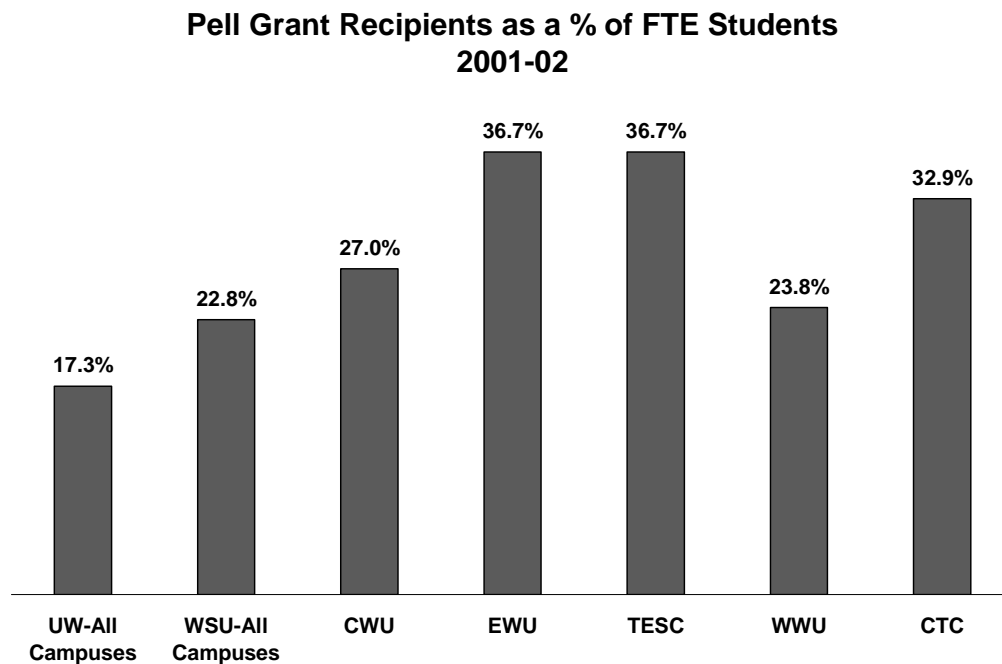
1. Reviewing the race/ethnicity mix of the student body over time



At the public four-year institutions, white students represented 69.3 percent of the student body in 2001 – down from 72.7 percent in 1995. Students classified as “other/unknown” represented 9.3 percent – up from 6.1 percent. Students in other categories remained relatively unchanged.

At the community and technical colleges, white students were 67.1 percent of the student body in 2001 – down from 74 percent. Hispanic students have gone from 5.2 percent to 8.8 percent of the student body; “other/unknown” students have increased from 6.1 percent to 9.2 percent; and black students have increased from 3.8 percent to 4.5 percent.

2. Reviewing the percentage of lower-income students attending higher education



Pell Grant eligibility standards have been more stable over time than eligibility standards for the state Need Grant. Thus it can be used as an indicator of the share of “needy” students attending a university or college. In 2001-02 the share of needy students ranged from nearly 37 percent at Eastern Washington University and The Evergreen State College to 17 percent at the University of Washington.

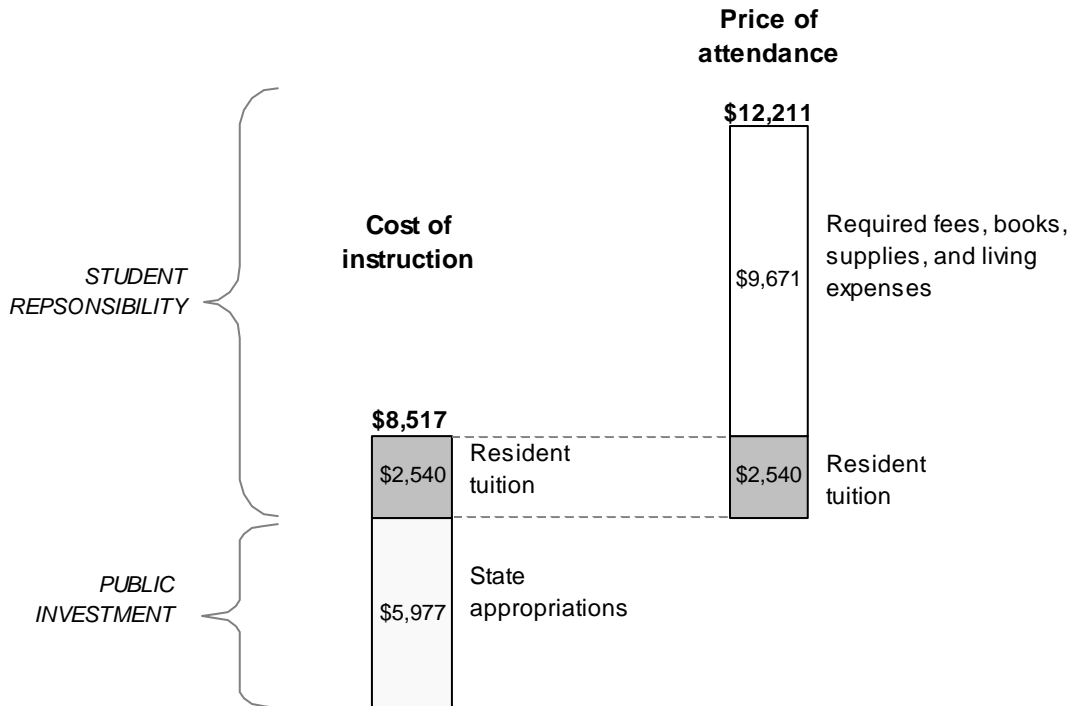
III. Linkage between Tuition Policy and Financial Aid

Washington State has a long tradition of making college generally affordable to residents through state appropriations to public colleges and universities and direct aid to individual students. These state investments substantially reduce the amount students and their families must pay to attend college.

The following chart illustrates the relationship of tuition to state appropriations and the price of attendance.

Tuition Influences the State's Investment in Higher Education and the Price Students Must Pay to Attend

(Average annual per-student state support, tuition, required fees and expenses for 2001-02 resident undergraduate students at the comprehensive universities)



The *cost of instruction* is the sum of direct and indirect costs of an institution related to instruction on a per student basis.

The *price of attendance* includes tuition, required fees, books, supplies, and living expenses that are a student's responsibility in financing a higher education.

Resident tuition includes the operating fee only.

For Washington resident students, tuition payments and state appropriations combine to meet the full cost of instruction for each student. The cost of instruction is defined as the sum of direct and indirect costs of an institution related to instruction on a per student basis. Thus taxpayers cover a significant portion of the cost of instruction for each resident student.

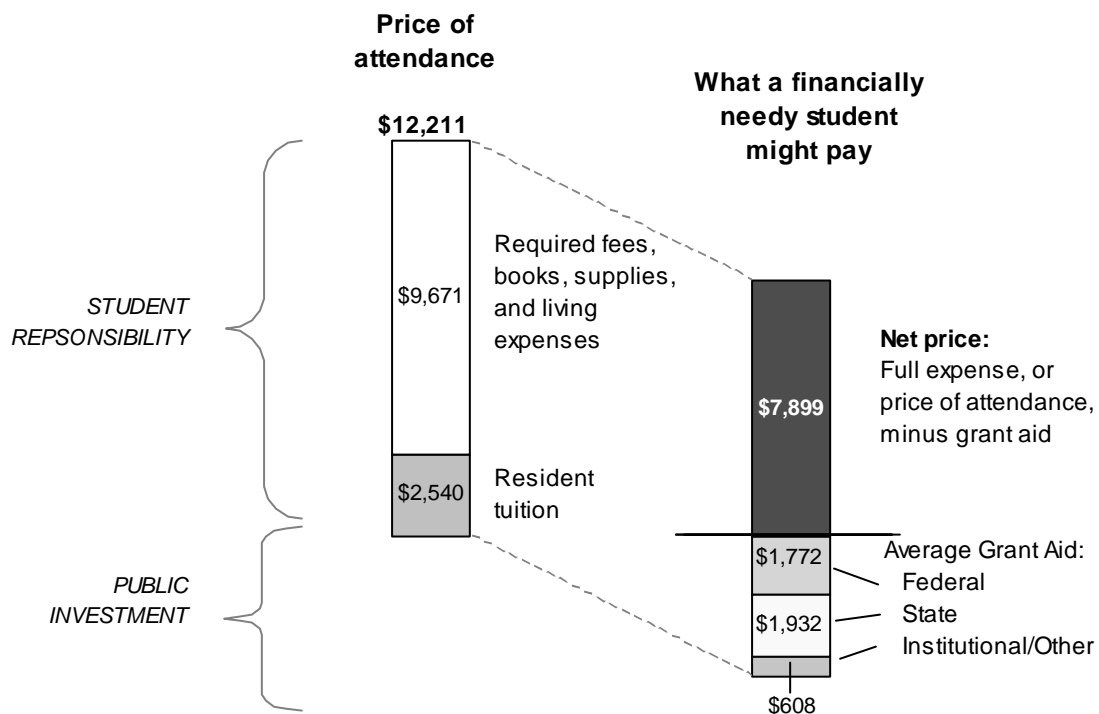
Tuition is only part of the total price of attendance all resident students must meet to go to college. Tuition represents only part of the higher education expenses students must meet. Students are also responsible for required fees, books, supplies, room, board, transportation, and personal needs. These expenses, combined with tuition, make up the price of attendance.

Financial aid is another state investment to keep higher education affordable for needy students. State-supported tuition is available to all Washington residents who enroll in public colleges and universities, without regard to income or financial need. Even with state-supported tuition, however, many students and families do not have enough resources to pay for tuition and the other required expenses that make up the price of attendance. Therefore, the state also provides financial aid to needy students attending both public and private colleges and universities. Financial aid helps families meet the full price of attendance after they have contributed everything they can.

The following chart illustrates how financial aid helps a typical financially needy student meet the price of a college education.

Financial Aid Helps Needy Students Meet the Full Price of Higher Education

(Average annual student price of attendance, grant aid, and net price for 2001-02 undergraduate resident grant recipients at the comprehensive universities)



The *price of attendance* includes tuition, required fees, books, supplies, and living expenses that are a student's responsibility in financing a higher education.

The *net price* is what students must pay after grant and scholarship aid is subtracted from the price paid to attend college. Students and families may meet the net price through work, savings, and loans. Financial aid awards can include loans and work-study awards to help students meet the net price.

The price of attendance is especially burdensome for needy students, and the situation has worsened over the past 23 years. The price of a college education has long represented a much larger portion of family income for low-income students than for middle- and upper-income students. National studies show that the high price of attendance leads to reduced aspirations and reduced attendance, especially among low-income students.

As the following table shows, the price of a college education at a public research university represented over 38 percent of family income for Washington's lowest-income families in 1999-2000 compared to about 15 percent for the highest-income families. In addition, the price of attendance at a public research university as a share of family income has grown faster for the lowest-income families (6 percent) than for the highest-income families (1.5 percent) between 1979 and 1999. In 1999, families in the 25th percentile earned \$32,163 compared to \$53,760 for families in the 50th percentile (median family income) and \$83,710 for families in the 75th percentile.

Price of Attendance as a Percentage of Family Income
Washington State, 1979-80 through 1999-2000

		1979-80	1989-90	1999-2000
Public Research Universities	25th Percentile of Family Income	32.3%	35.2%	38.3%
	Median Family Income	19.4%	21.2%	22.9%
	75 th Percentile of Family Income	13.2%	14.2%	14.7%
Public Comprehensive Four-Year Colleges and Universities	25th Percentile of Family Income	31.8%	33.8%	35.9%
	Median Family Income	19.1%	20.3%	21.5%
	75 th Percentile of Family Income	12.9%	13.7%	13.8%
Community and Technical Colleges	25th Percentile of Family Income	29.4%	30.6%	32.3%
	Median Family Income	17.7%	18.4%	19.3%
	75 th Percentile of Family Income	12.0%	12.4%	12.4%
High Cost Private Four-Year Colleges	25th Percentile of Family Income	57.1%	75.7%	92.4%
	Median Family Income	34.3%	45.5%	55.3%
	75 th Percentile of Family Income	23.2%	30.6%	35.5%

Source: U.S. Census Bureau, Higher Education Coordinating Board, Washington Financial Aid Association

Even with state-supported resident tuition, thousands of low-income students would not be able to go to college without financial aid. The price of attendance was prohibitive 23 years ago; it is even more so today.

IV. Financial Aid Programs for Washington Students

Financial Aid Recipients

During the 2001-02 academic year, nearly 119,000 students attending Washington colleges and universities relied on some amount of need-based financial assistance. Each of these students was determined, through a nationally-standardized application process, to be unable to pay for some or all college costs. Some of these aided students required only a small amount of assistance – a loan to help with cash flow, or a part-time job. Others needed a full complement of grants, work study, and loans. About 50,000 students had incomes low enough (\$33,500 for a family of four) to qualify for a Washington State Need Grant.

Types of Financial Aid

Need-based student financial aid is awarded through three types of programs: grants, work study, and loans.

Grants (and Scholarships)

Aid that does not have to be repaid. Grants usually are awarded on the basis of financial need alone, while scholarships may carry additional stipulations, such as academic merit or specific career objectives. Most grants are limited to undergraduates and nearly all are awarded to students with substantial financial need.

The state has played a critical role in providing grant assistance, most notably through the State Need Grant program. Support for this program has been particularly important for Washington's lowest-income students, as federal support for student aid has shifted heavily away from grants and toward loans. Grants provide a critical foundation of support for students with limited family resources and are viewed by students as the "best" financial aid. However, research indicates that grants are most effective in promoting persistence when combined with work study and loans.

Work Study

Students earn a part of their financial aid. Both the federal government and Washington State sponsor work study programs which promote the employment of needy students by reimbursing employers for a significant portion of student wages. The state program offers the added advantage of employment that is related, wherever possible, to the student's field of study. Both programs have limited funding.

In addition to helping students pay for college and providing on-the-job experience, national and state research shows that financial aid recipients who participate in work study do better in school and are more likely to complete their education program.

However, the price of college has outpaced the ability of students to work their way through college.

**A Full-time Student With No Other Resources
Would Have to Work More Than Full Time, All Year,
or Earn Much More Than the Minimum Wage
to Pay for College Costs by Working***

	Hours of Work per Week at Minimum Wage	<u>OR</u>	Hourly Pay Rate Required
Community/Technical College	41		\$10.59
Public Comprehensive University	45		\$11.63
Public Research University	49		\$12.42
Independent College or University	89		\$22.86

**Assumptions:*

- *College Costs: 12-month living allowance for one person living away from home; 9-month tuition and books. Based on Washington Financial Aid Association student budget guidelines*
- *Minimum Wage: \$7.01 per hour. No deduction for social security or other withholdings*
- *Hours of Work per Week at Minimum Wage: Assumes 2 weeks' vacation; year-round employment*
- *Hourly Pay Rate Required: Assumes 12-month living allowance, 9-month tuition and books; full-time work during summer and academic-year breaks, 19 hours per week while classes are in session*

Since costs are less for a student who can live with his or her parents during the summer and academic year, these students would have to work fewer hours to pay for college costs. However, they still would have to work $\frac{3}{4}$ time year-round to cover the price of attending a community college and approximately full-time to pay for a four-year public institution.

The numbers are even more startling for students who cannot save money from summer employment (perhaps due to subsistence needs of their dependents, or because they cannot find a full-time job, etc.). In order to pay for college costs entirely by working during the academic year, a student would have to work many more hours per week, or earn a much higher hourly pay rate.

There is a sizable gap between the price of attendance and the amount that can be earned – even by working year-around and using all earnings to help pay for college.

**There is a Large Gap Between the Price of Attendance
and the Amount that can be Earned**

Community/Technical College	\$ 4,906
Public Comprehensive University	\$ 6,331
Public Research University	\$ 7,413
Independent College or University	\$21,712

While few students can earn enough to cover the full price of college by working during the academic-year, wages earned through work study and other student employment are an important resource for financial aid recipients. In addition to other benefits gained through work experience, student earnings help reduce the amount financial aid recipients would otherwise have to borrow.

Loans

Loans are offered to students with the understanding that they will be paid back in full (with interest) by a specified future date, although repayment generally does not begin until the student has terminated his or her education. Student loans comprise more than half of the financial aid awarded to needy Washington financial aid recipients.

More than 63 percent of students who received need-based aid in the 2001-02 academic year borrowed from a student loan program. The distribution of borrowers by the type of college attended, and the average amount borrowed in 2001-02 is shown below.

Nearly Two-thirds of the Financial Aid Recipients in the 2001-02 Academic Year Borrowed From a Student Loan Program

Sector	% of Need-Based Aid Recipients Who Borrowed	Average Amount Borrowed for the 2001-02 Academic Year	
		<u>Undergraduate</u>	<u>Graduate</u>
Community Technical College	31%	\$3,520	—
Public Comprehensive University	86%	\$5,920	\$11,201
Public Research University	86%	\$6,170	\$13,659
Independent College or University	90%	\$7,807	\$16,783

Source: 2001-02 student financial aid Unit Record Report, as submitted by institutions

Sources of Financial Aid

The federal government provided the majority (68 percent) of financial aid available to needy students attending Washington colleges and universities last year. Approximately 18 percent of the financial aid awarded to needy students was provided by institutions, private donors, and other organizations. State funding provided about 13 percent of the total aid available.

Although state-appropriated funds represent only 13 percent of the total aid available, the state has leveraged its effectiveness by establishing programs that complement the larger federal financial aid programs. For example, federal student loans are widely available, while federal support for grant funding has declined as a percentage of all aid over the past number of years. Through its support for the State Need Grant program, Washington has helped maintain access and opportunity to higher education for the state's lowest income students, who needed the grant assistance to make their attendance possible.

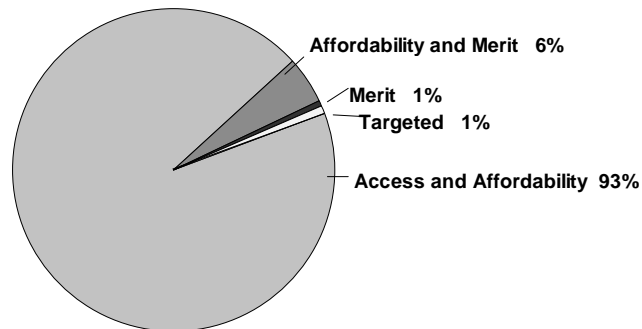
**The Federal Government Provides the Majority of Financial Aid
Available to Washington Students
(2001-02 Academic Year)**

Source			Type		
Federal	68%	\$ 709 M	Grants	44%	\$ 454 M
State	13%	\$ 140 M	Work Study	4%	\$ 41 M
Institutions/Other	18%	\$ 189 M	Loans	52%	\$ 543 M
Total		\$1.038 B			\$1.038 B

Goals of State Aid Programs

The state supports a variety of financial aid programs that serve multiple public purposes. While some state programs recognize and reward academic merit, and others are designed for targeted populations or respond to specific workforce needs, almost all state-funded financial aid is provided for individuals who could not otherwise afford to attend. Some state programs serve multiple purposes.²

Public Purposes Achieved by State-Appropriated Student Financial Aid



How is Washington Doing?

State policymakers can take pride in their longstanding and consistent support of financial aid programs, which have made college possible for thousands of students. However, the challenges of enrollment pressures, a growing population of needy high school graduates, and an adult population in need of job training and retraining – in the face of unprecedented funding constraints – call for a renewed commitment to higher education opportunity for academically-prepared, low-income individuals.

By some measures, Washington's commitment to college affordability is doing well. Other measures, however, indicate that needy students are losing ground.

² *Affordability and Merit*: Washington Promise Scholarship

Merit: Washington Scholars, Washington Award for Vocational Excellence

Targeted: Health Professional Conditional Scholarship and Loan Repayment, Western Interstate Commission for Higher Education (WICHE) Professional Student Exchange programs

Access and Affordability: State Need Grant, State Work Study, Educational Opportunity Grant

Where We are Doing Well

- **Washington’s statutory language linking tuition increases to the need for added funding for state-appropriated financial aid is uncommon.** While some states attempt to meet student need, they do not have such a policy connection stated in law. In Washington, during years of budget pressures and significant tuition increases, student aid programs have grown more than they might have without such statutory language.
- **Washington’s State Work Study program is a model for other states.** Among the 16 states with work study programs, Washington’s is the largest. Its focus on education-related jobs, inclusion of work opportunities in the for-profit sector, and requirement that students be paid wages comparable to those of other workers performing similar duties, make it unique.
- **Washington has retained its focus on promoting access, opportunity and affordability.** Although the state has established some targeted and merit-based aid programs, its emphasis has remained on programs that provide access, opportunity, and affordability for those who could not otherwise pursue a college education. This clear and sustained focus has provided stability in the face of budget constraints and competing state priorities.

Where We Need to Improve

Washington’s needy students are losing ground.

- **State Need Grant funding has failed to keep pace with tuition increases and student need.** Appropriations to the State Need Grant program for FY 03 provided additional funds to cover only 70 percent of this year’s tuition increase. In addition, although state funding once allowed the Board to serve students with family incomes up to 65 percent of the state’s median family income, current appropriations limit service to students with family incomes of 55 percent or less. Even at that lower income cut-off, last year about 3000 eligible students were not awarded. Had funding been available to provide grants to students with incomes between 55 and 65 percent median family income, approximately 4000 additional students would have qualified.
- **Promise Scholarship awards have continued to decline.** State statute establishes the maximum Promise Scholarship award at the amount of tuition charged by community colleges. Scholarship amounts, in dollars, and as a percent of tuition, have declined in each of the last three years. Current appropriations limit scholarships to 48 percent of the maximum award.
- **State Work Study program must turn away students.** Increases in funding for the State Work Study program have been minimal and sporadic. Many students who would choose to work in a work study job must, instead, borrow heavily to pay for college expenses.

Emerging Financial Aid Issues and Considerations

These growing needs and pressures present many issues for the Board's consideration.

- **What should be the state's priority in funding financial aid programs?** (Opportunity/access; merit; targeted needs and/or populations, etc.)
- **Who should state financial aid programs serve?** (Lowest income; middle income; undergraduates; students in specified academic programs, etc.)
- **Should students and their families be expected to pay for a specified proportion of the price of attending college?** Should state grants, combined with other grant aid be limited to a specified proportion of the student's expenses? What should the pay? Etc.
- **Should the Board reaffirm its service population and grant amount goals for the State Need Grant and other state grant and scholarship programs?** (Is 65% median family income an adequate service goal? Should grant amounts be equivalent to public tuition? What should be the service population and grant amount goals for other state programs? Etc.)
- **What priority should be given to programs that recognize and reward high school academic achievement?** (Should eligibility for merit programs be expanded? Should other programs incorporate a merit component, or should initial eligibility for programs featuring access and opportunity be based on financial need alone? How would greater emphasis on high school achievement impact nontraditional students? Etc.)

Tuition and Financial Aid

2004 HECB Master Plan - Beginning Discussion



Board Meeting Presentation
February 26, 2003

W A S H I N G T O N
H I G H E R
EDUCATION
C O O R D I N A T I N G B O A R D

Discussion Paper for the 2004 Master Plan: Tuition and Financial Aid

- Board policy on tuition and financial aid
- Measures to assess the outcomes of these policies
- Link between tuition policy and financial aid
- Emerging financial aid issues and considerations

HECB Tuition Policy

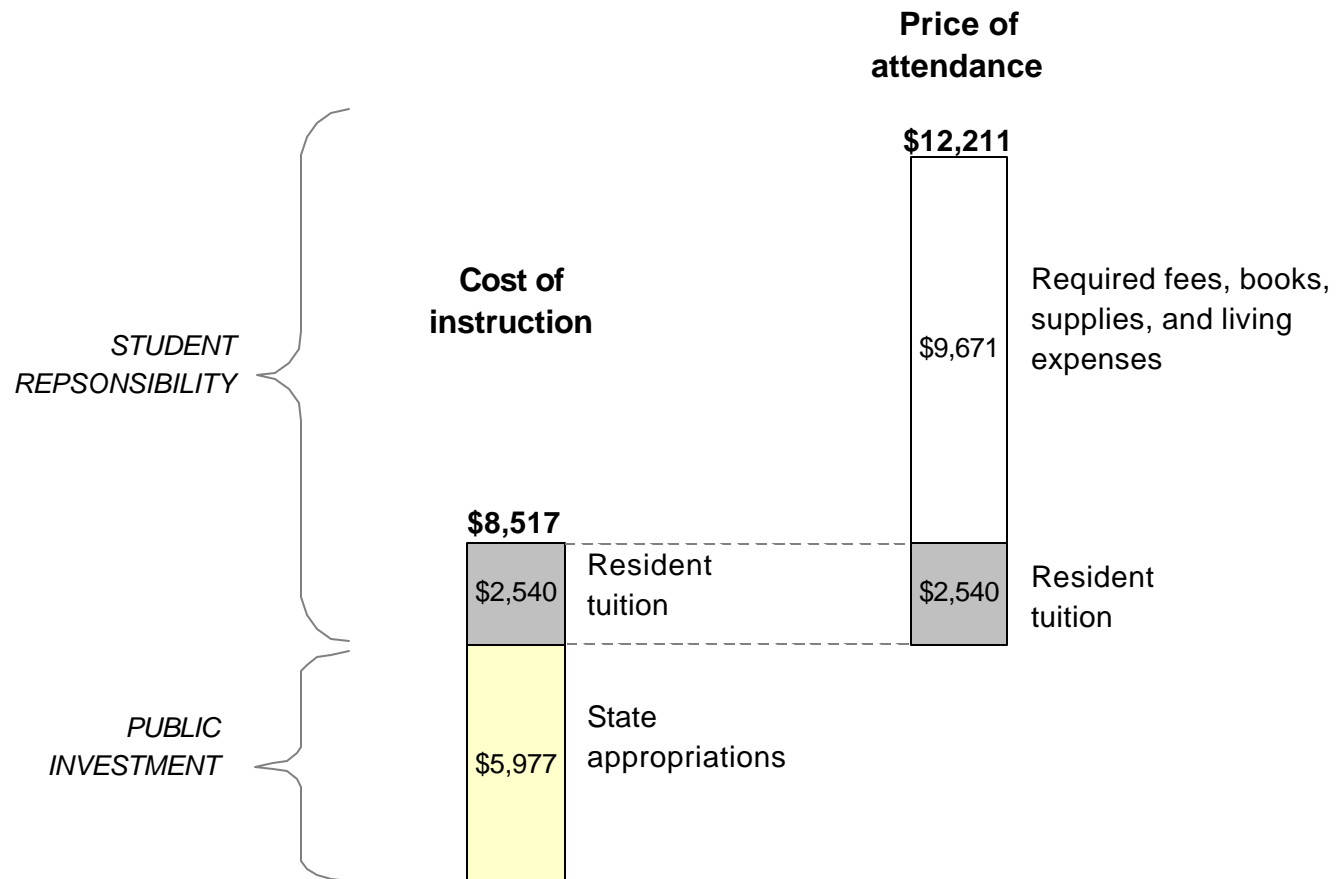
Resolution 02-01, adopted January 24, 2002, calls for institutional authority to set tuition, based on certain actions by the state and institutions.

The actions called for relate to six topics:

- Affordable and Predictable Tuition
- Financial Aid Increases Compared to Tuition Increases
- State Funding
- Enrollment Pressures
- Efficiency and Effectiveness
- Demographics and Socioeconomic Composition of the Student Body

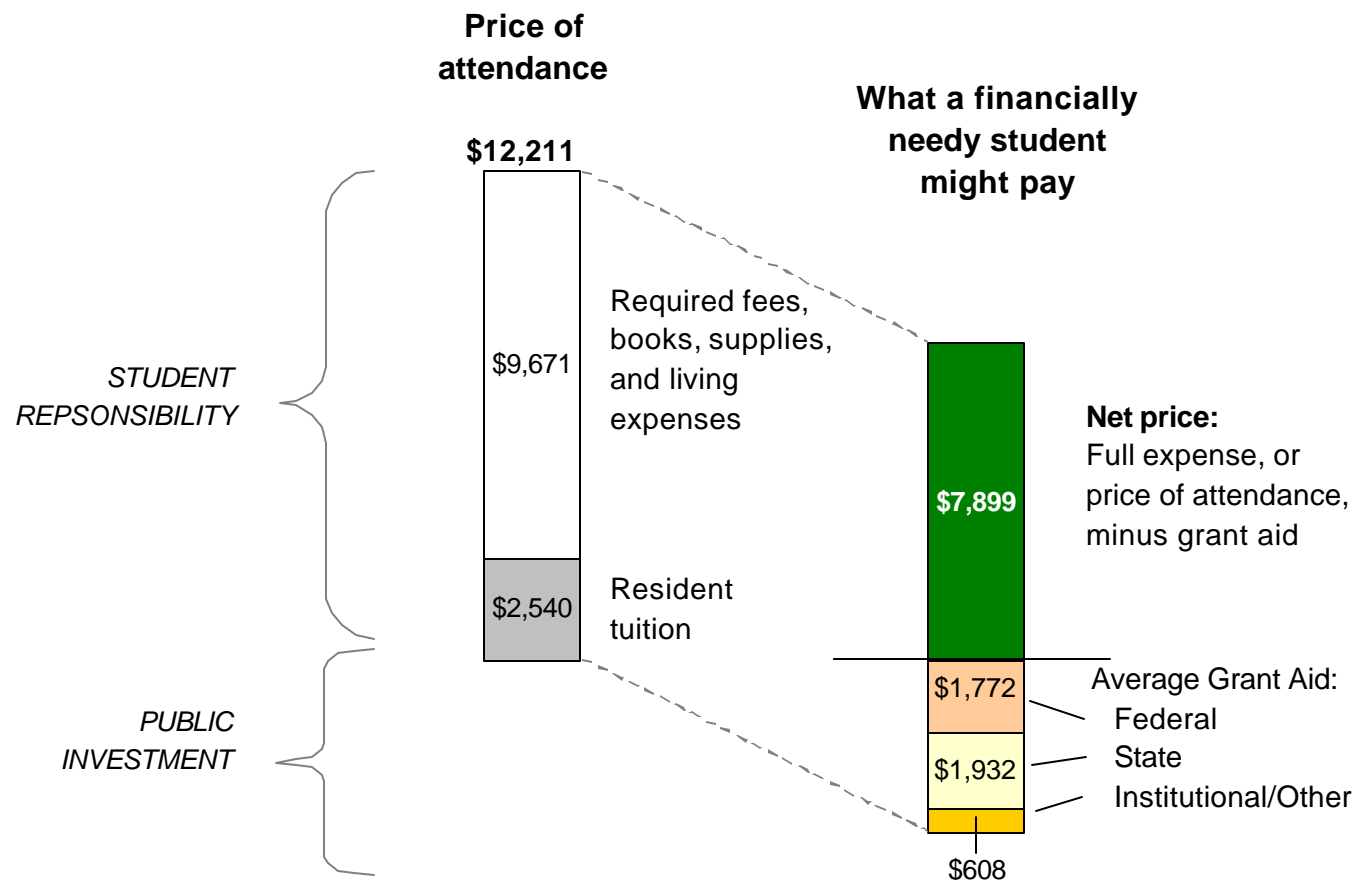
Affordable & Predictable Tuition

Tuition Influences the State's Investment in Higher Education and the Price Students Must Pay to Attend



Affordable & Predictable Tuition

Financial Aid Helps Needy Students Meet the Full Price of Higher Education



Affordable & Predictable Tuition

**A Full-time Student With No Other Resources
Would Have to Work More Than Full Time, All Year,
or Earn Much More Than the Minimum Wage
to Pay for College Costs by Working**

	Hours of Work per Week at Min. Wage	Hourly Pay Rate Required
Community/Tech. College	41	\$10.59
Public Comp. University	45	\$11.63
Public Research University	49	\$12.42
Indep. College or University	89	\$22.86

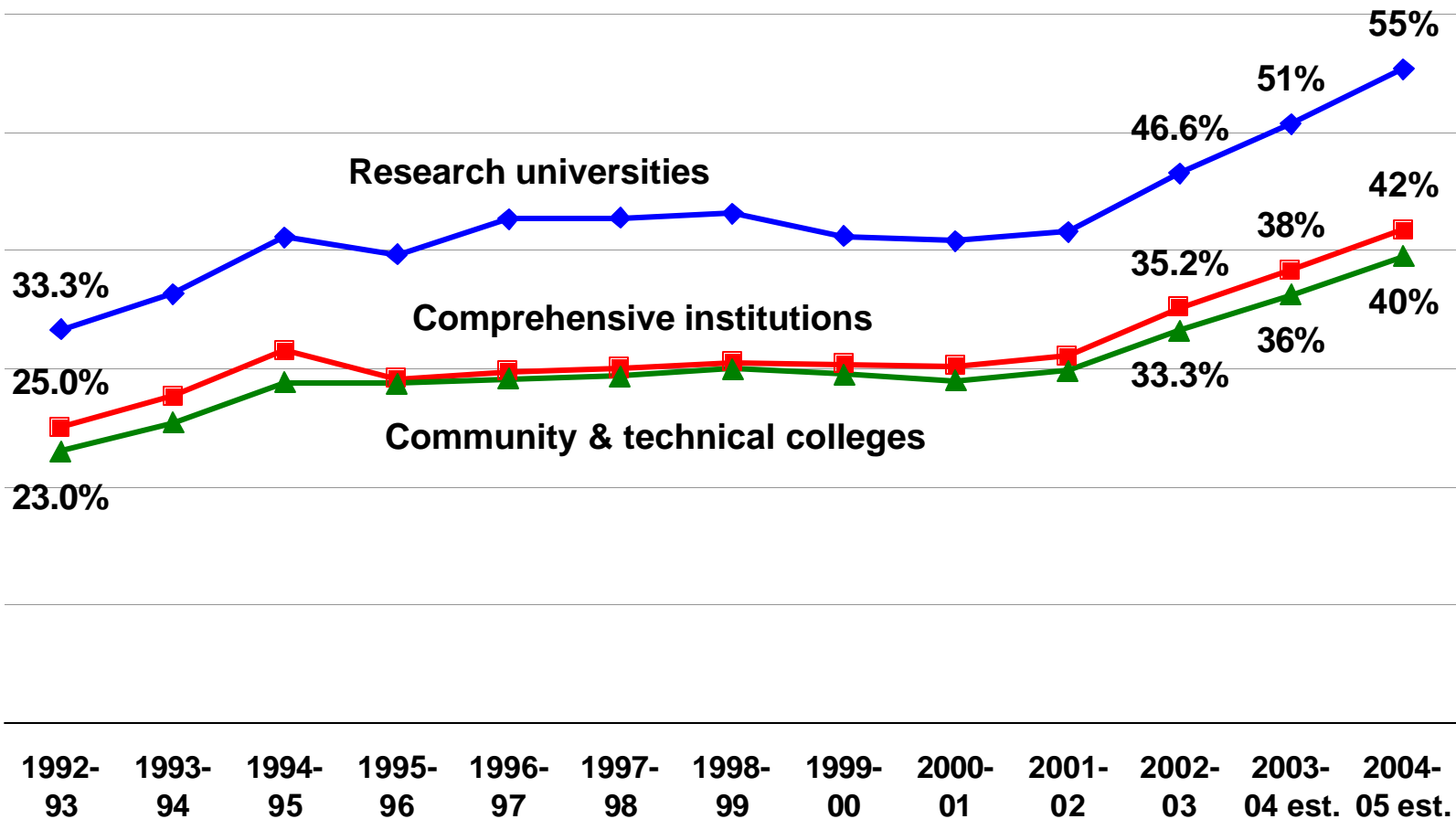
Affordable & Predictable Tuition

Nearly Two-thirds of the Financial Aid Recipients in the 2001-02 Academic Year Borrowed From a Student Loan Program

Sector	% of Need-Based Aid Recipients Who Borrowed	Average Amount Borrowed for the 2001-02 Academic Year	
		<u>Undergraduate</u>	<u>Graduate</u>
Community Technical College	31%	\$3,520	—
Public Comprehensive University	86%	\$5,920	\$11,201
Public Research University	86%	\$6,170	\$13,659
Independent College or University	90%	\$7,807	\$16,783

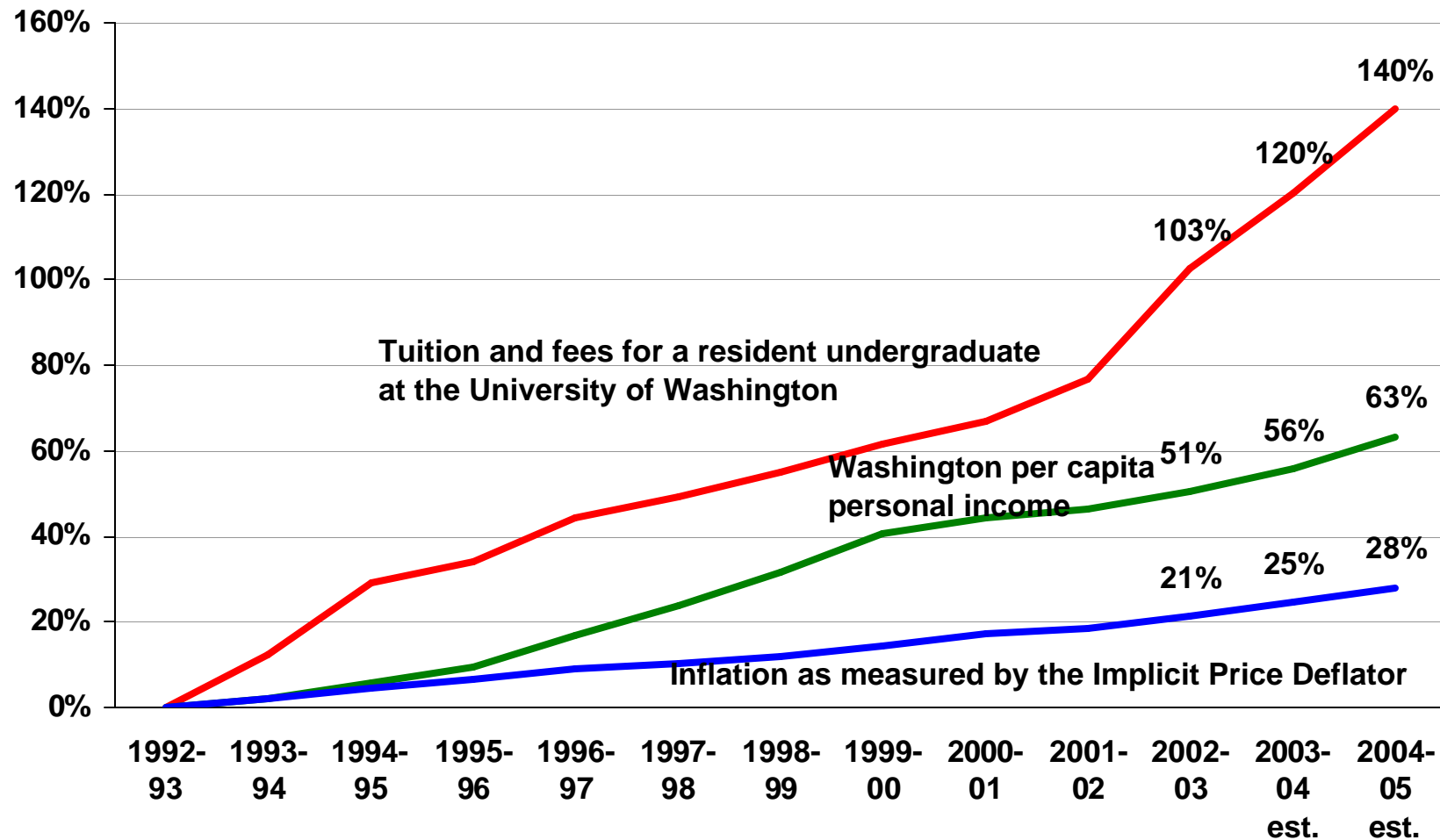
Affordable & Predictable Tuition *possible measure*

**Resident Undergraduate Tuition (operating & building fees)
As a Percentage of Undergraduate Instructional Costs**



Affordable & Predictable Tuition *possible measure*

Cummulative percentage change



Financial Aid Compared to Tuition Increases

Washington Has a Longstanding Commitment to Support of Financial Aid

- **“Financial need [should] not be a barrier to participation in higher education.”**

RCW 28B.10.786

- **“It is the intent of the legislature that needy students not be deprived of access to higher education due to increases in educational costs or consequent increases in tuition and fees.”**

RCW 28B.15.065

Financial Aid Compared to Tuition Increases

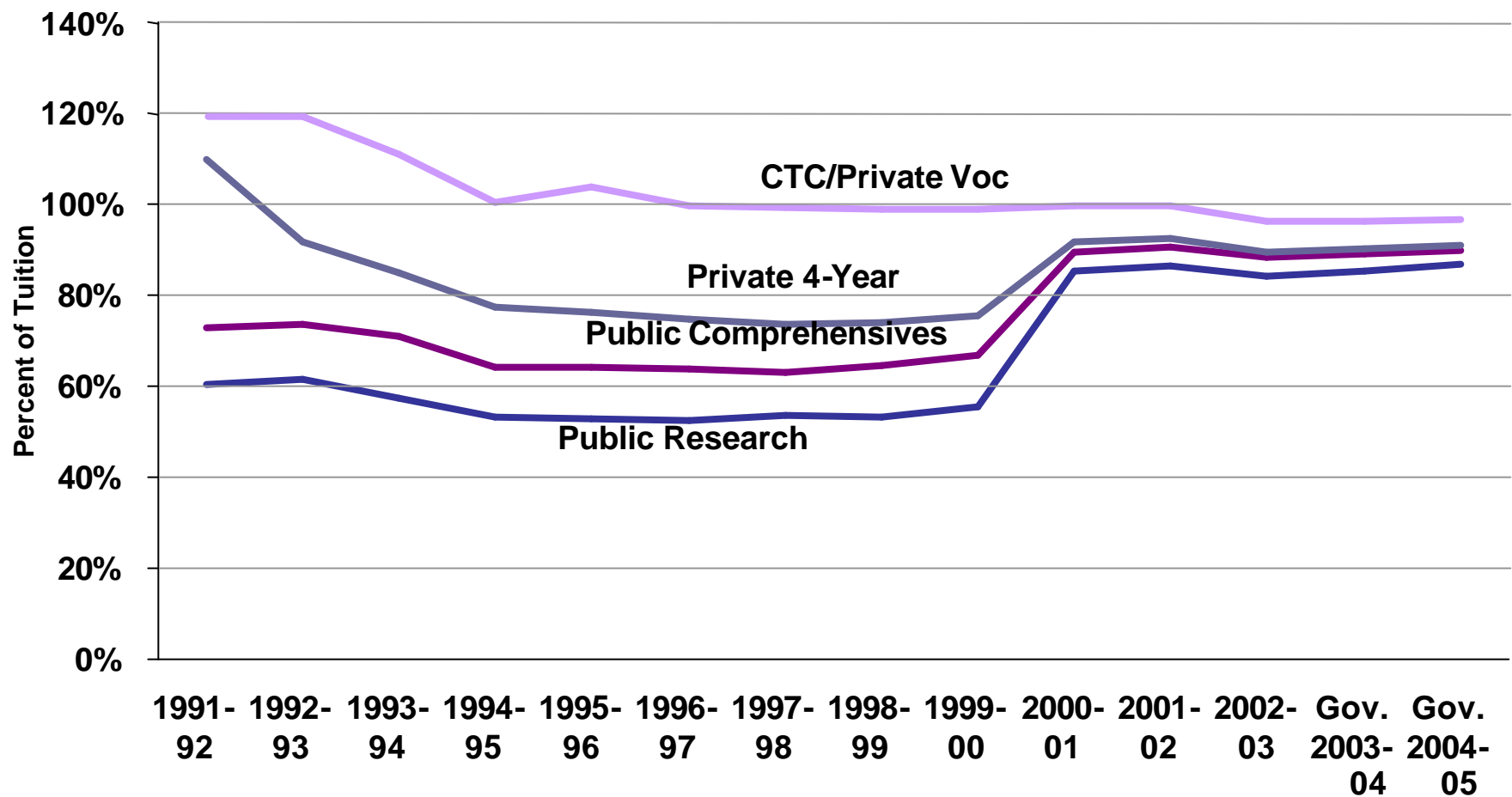
Current Board Financial Aid Policy

The Board remains committed to:

- Providing State Need Grants equal to full public tuition to students with family incomes up to 65% of state median income
- Providing Promise Scholarships equal to full community and technical college tuition
- Supporting the variety of state financial aid programs and the multiple public purposes they serve

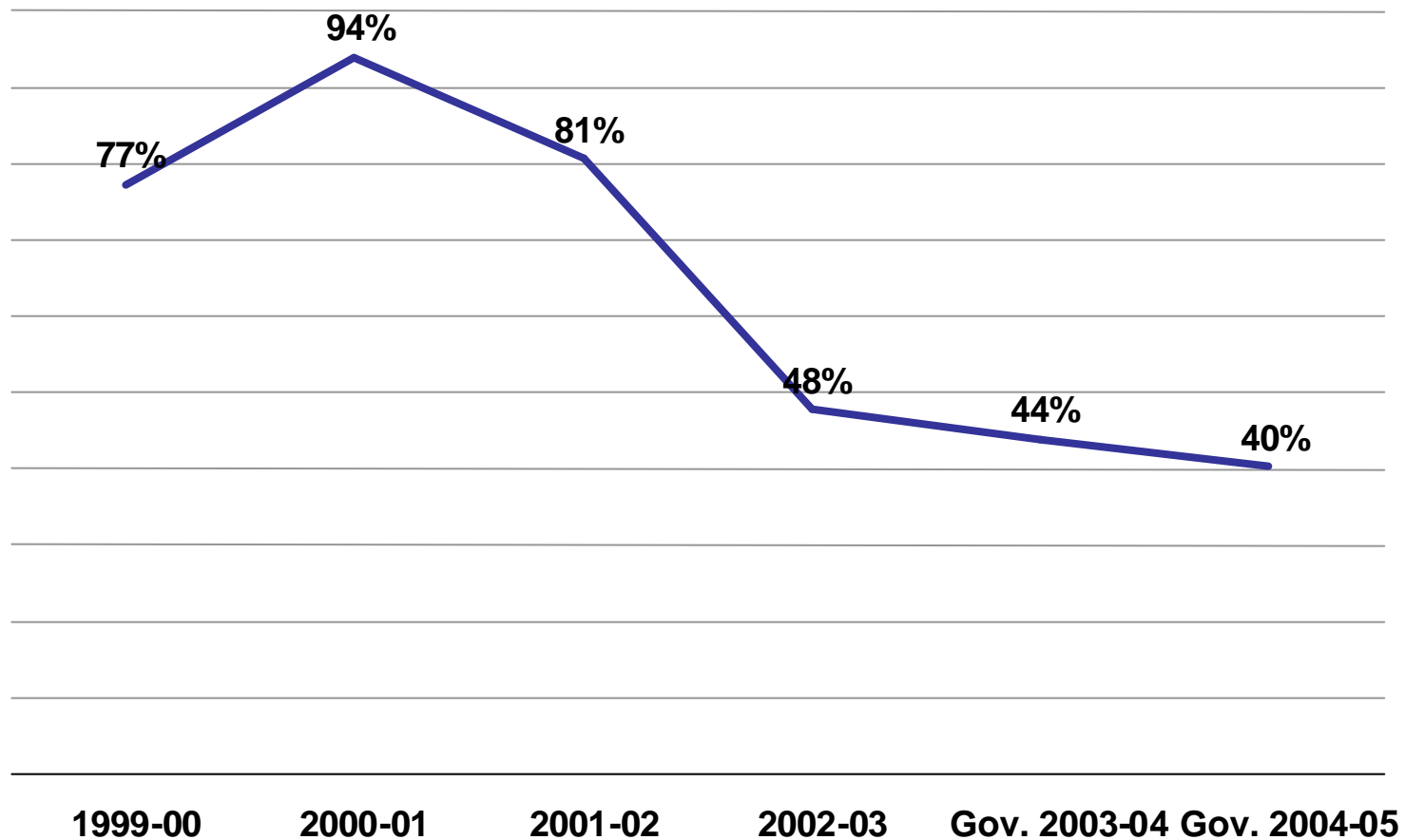
Financial Aid Increases Compared to Tuition Increases *possible measure*

State Need Grant as a Percent of Resident Undergraduate Tuition by Sector 1991-92 through 2004-05



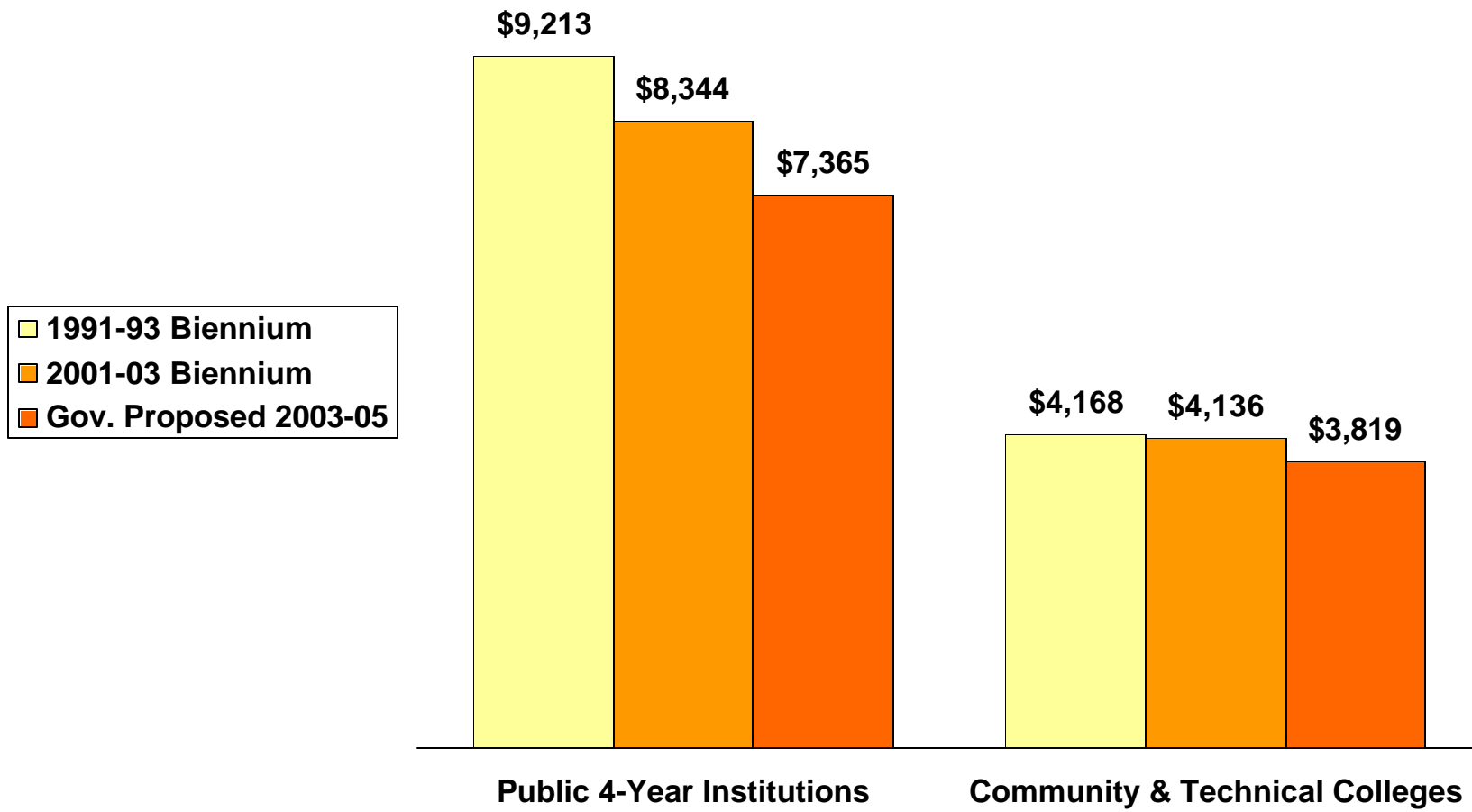
Financial Aid Increases Compared to Tuition Increases
possible measure

Promise Scholarship as a Percent of Community College Tuition



State Funding *possible measure*

State General Fund Appropriations per Budgeted FTE Student Adjusted for Inflation (2001-03 dollars)



Efficiency and Effectiveness
possible measure

Monitoring Existing Accountability Measures

- Graduation efficiency (freshmen)
- Graduation efficiency (transfers)
- Undergraduate retention
- Five-year freshman graduation rate
- Faculty productivity (which can be measured differently by each institution)
- A unique measure for each institution, reflective of its mission

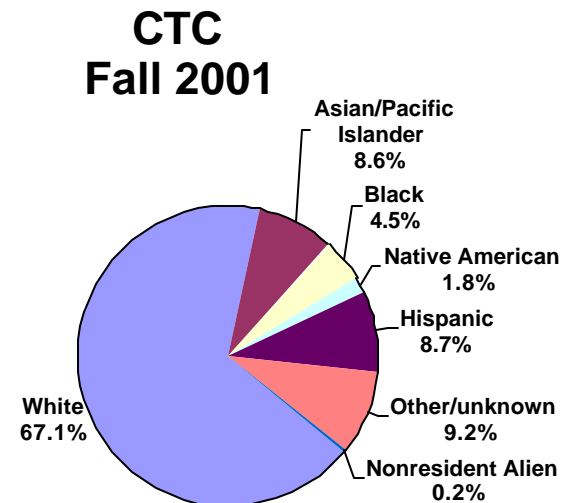
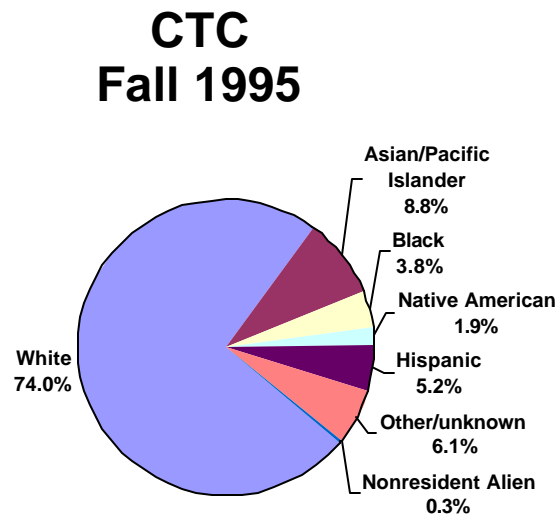
Efficiency and Effectiveness

Coordinating and Expanding the Collection of Student Performance Data

- If Washington is to effectively evaluate the effectiveness and efficiency of its public colleges and universities, access to student performance data must be improved.
- Currently data are collected by multiple agencies and not easily accessed for analysis.
- Existing data collection should be leveraged to the degree possible, expanded where necessary and easily accessible for analysis.

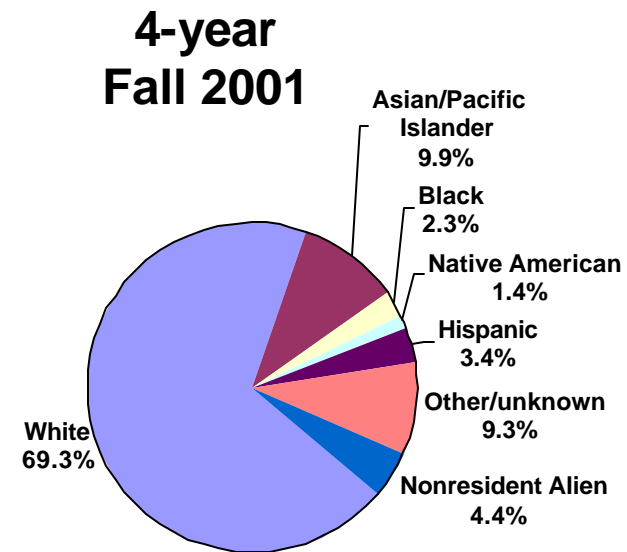
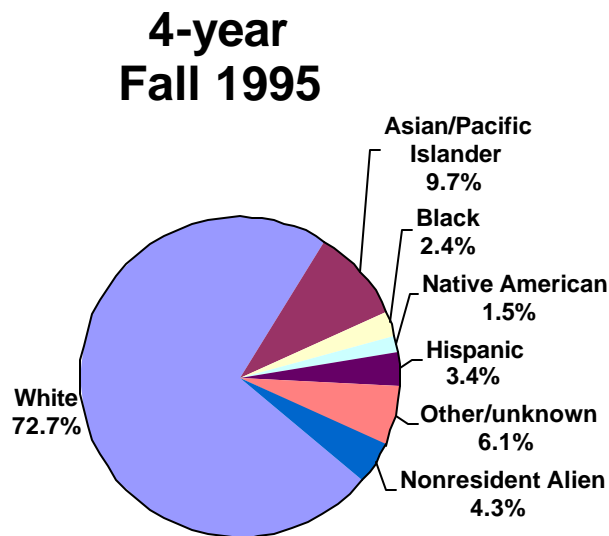
Demographics and Socioeconomic Composition of the Student Body *possible measure*

Reviewing the Race/Ethnicity Mix of the Student Body Over Time



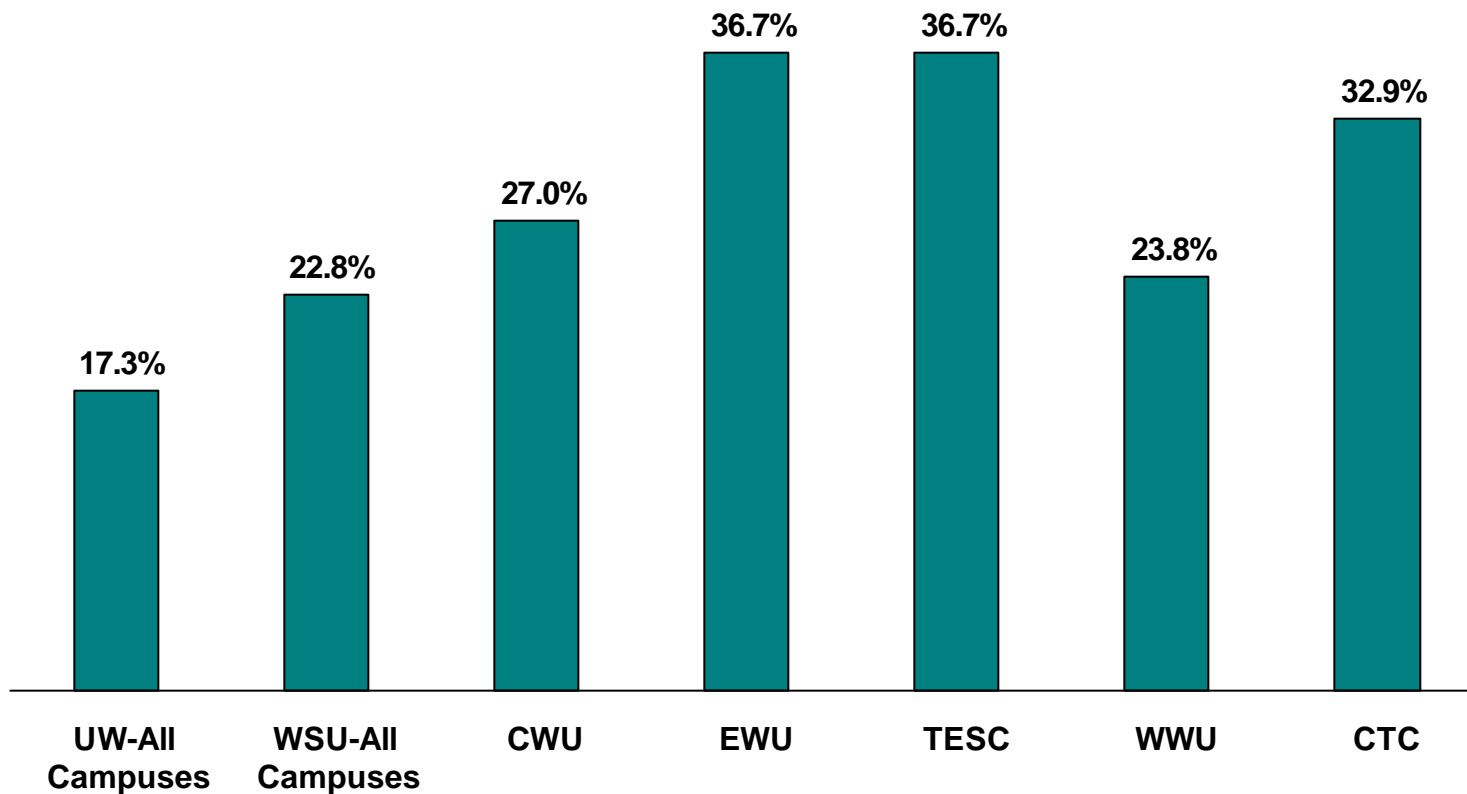
Demographics and Socioeconomic Composition of the Student Body *possible measure*

Reviewing the Race/Ethnicity Mix of the Student Body Over Time



Demographics and Socioeconomic Composition
of the Student Body
possible measure

Pell Grant Recipients as a % of FTE Students 2001-02



Next Steps

HECB Financial Aid Committee to Discuss Emerging Issues:

- What should be the state's priority in funding financial aid programs?
- Who should state financial aid programs serve?
- Should students and their families be expected to pay for a specified proportion of the price of attending college?
- Should the Board reaffirm its service population and grant amount goals for the State Need Grant and other state grant and scholarship programs?
- What priority should be given to programs that recognize and reward high school academic achievement?

Next Steps

HECB Staff to Continue Work With State Need Grant Work Group to Review Program Issues

- State Need Grant awards tied to tuition
- Consideration of summer quarter in determining institution allocations
- Limit of one associate degree within five years
- Limit to 125% program length
- Effect of changes in community and technical college tuition policy on Need Grant amounts
- Grant amount limitations at private career schools

Next Steps

- Board to hold a discussion with stakeholders at March 26 meeting on the topics of tuition and financial aid



February 2003

Status Report on Enrollment Work for the 2004 Master Plan

January 29 Board meeting

A discussion paper was presented to the Higher Education Coordinating Board (copy attached) that covered:

1. The approach that will be used to estimate and describe projected enrollment needs in 2010,
2. Current state funding practice for providing additional enrollments, and,
3. Alternatives to current state funding practice for discussion and consideration
 - a. Changing the calculation of state base budgets to include enrollment
 - b. Enacting in statute a guarantee for added enrollment funding
 - c. Proposing a constitutional amendment to guarantee access to higher education

February 26 Board meeting

Institutions have been invited to respond to the discussion paper.



February 2003

Discussion Paper for the 2004 Master Plan: State Enrollment Policy and Funding Practice

Higher education is essential to developing an educated citizenry. An educated citizenry is valued because by enhancing the quality of individual lives, society is provided with a basis for developing and sustaining a sound economy, as well as a culture that respects and promotes individual dignity. Public higher education plays an important role in realizing these benefits by providing access to both traditional academic programs and specific occupational training opportunities.

Introduction

This discussion paper will (1) summarize anticipated enrollment needs and goals in public higher education institutions through 2010, (2) review current state enrollment funding practice, and (3) suggest alternatives to the current state enrollment funding practice, which the Higher Education Coordinating Board (HECB) could propose to the Governor and Legislature as part of the 2004 Master Plan for Higher Education.

Enrollment Needs through 2010

Over the next eight years, public demand for enrollment opportunity will continue to grow in Washington. Much of this growth will result simply from a significant rise in the age groups of people who traditionally seek higher education. Additionally, the new demands and opportunities of the 21st century economy will fuel citizens' desire and need to participate in higher education.

Forces affecting enrollment include:

- **Continued population pressures**
Growth in traditional college-going age groups will continue. The number of high school graduates is expected to peak in 2008.

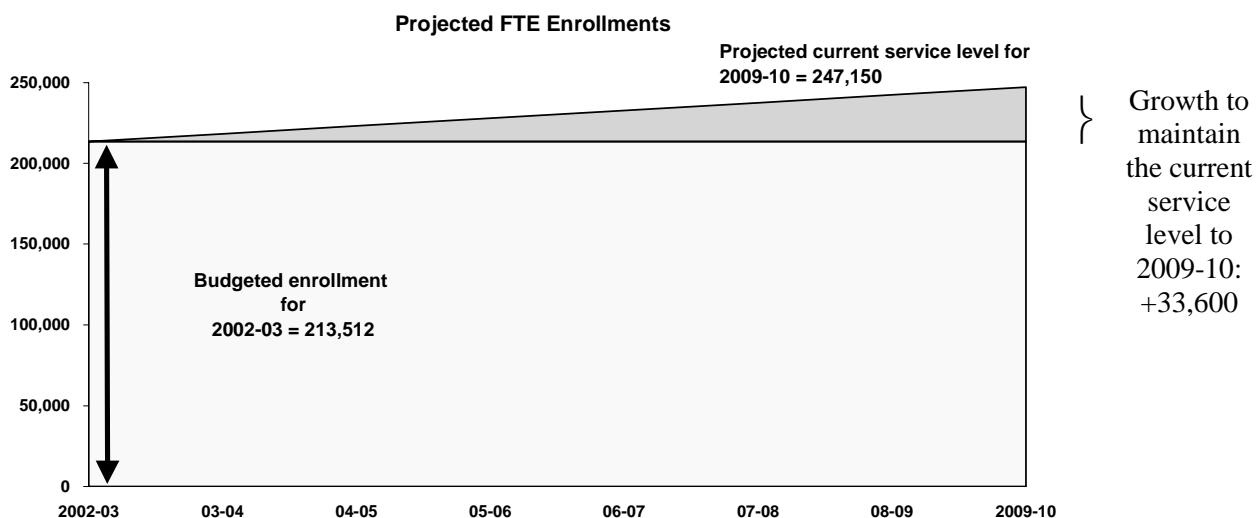
- **Employer/workforce demands**
Employer demands for workers with higher entry-level skills and retrained older workers are likely to continue and grow as the economy emerges from the current slowdown. Needs in particular high-demand fields are likely to continue as social, economic, demographic forces change.
- **Education reform**
The implementation of K-12 reform elements (Washington Assessment of Student Learning, Certificate of Mastery) will likely affect both the preparation of students and the pathways they will take to enter college in ways that cannot yet be determined.
- **Running Start/other dual enrollment options**
Growth in the number of students choosing to take advantage of Running Start and other college/high school dual enrollment options will increase enrollment pressure on public colleges and universities.
- **Technology**
Continued advances in technology should require workers to get more education to enter the workforce, and more retraining to keep their skills current. New and different programs will be necessary to meet changing needs, such as applied baccalaureate degrees.
- **Transfers**
Increases are expected in the number of students transferring from two-year institutions to four-year institutions to continue their education. Four-year institutions will be expected to accommodate these students who have already begun their academic work in the two-year system.
- **Policy initiatives**
The state may choose to adopt policy initiatives that are not reflected in the forces described above. These initiatives could include (1) increasing the participation of currently underrepresented groups to improve diversity in the educational system, and (2) undertaking outreach efforts to improve participation among students who are timebound or placebound.

Current budgetary and planning systems do not clearly recognize these forces, and funding/program changes to respond to them may not be provided on a timely basis to meet the needs of students. To maintain only the current rate of service, the state would need to fund 33,600 additional full-time student slots (FTEs) at the public universities and colleges between now and 2010. Added to this “current service level” will certainly be

increased demand resulting from many factors, including the restructuring of the state's workforce, the need to attain skills in advanced technology and K-12 reform.

The HECB supports a state enrollment commitment that funds, at a minimum, sufficient student enrollments to maintain the current service level, and also funds additional enrollments to respond to these additional demands.

Maintaining the 2002 public higher education service level would require 33,600 more funded enrollment slots by 2010.



Source: Office of Financial Management.

Current State Enrollment Funding Practice

Currently, the state budget process drives state enrollment policy and resource allocation decisions. Funding new higher education enrollment occurs in the context of:

- Competing spending needs with other areas of state government (e.g., prisons, health care, and K-12 education);
- Competing spending needs within higher education (e.g., salaries, financial aid);
- Available resources (driven by economic conditions);
- Tax policy; and
- Other considerations.

In a context of severe financial limitations, it is unlikely that the state budgeting process will be able to provide the resources necessary to meet the growing higher education enrollment needs through 2010. Therefore, alternatives to the current process for funding needed higher education enrollments should be explored.

An Alternative Enrollment Funding Practice

The challenge for state enrollment policy in the future is to develop and implement a funding practice that provides the educational opportunity that students, the economy and the state require. Current funding practice, which relies on the state budget process, places the emphasis on constrained resources, rather than on meeting enrollment needs. An alternative to the current funding approach is to adopt an enrollment funding practice that drives and controls the budget process – essentially the reverse of the current situation.

The justification for considering this change in enrollment funding practice can be found in a look at the current enrollment situation. In FY 2003, the Office of Financial Management (OFM) reports that institutions have enrolled an estimated 16,600 FTE students in excess of the number supported by state funds. This is a significant increase from the level of overenrollment of 12,300 in FY 2002. OFM reports that almost 21,000 additional enrollments will be needed in FY 2005, compared to the level funded in FY 2003, just to maintain the current service level. However, the Governor's proposed budget for FY 2005 only adds 200.

Budgeted Full-Time Equivalent Enrollments

		Governor Proposed	
	2002-03	FY 2004	FY 2005
Four-Year	85,290	85,290	85,290
Two-Year	128,222	126,872	126,872
High-Demand		550	1,550
Total	213,512	212,712	213,712

Projected actual enrollments in 2002-03 exceed budgeted enrollments by 16,641: 4,217 in the four-year system and 12,424 in the two-year system.

Options to change enrollment funding practice and reverse this situation of underfunded public institution enrollment budgets include:

1. **Changing the calculation of the state base budget for higher education to include enrollments.** Calculation of the base state budget for public colleges and universities could be constructed to include funding to either (1) maintain the current service level, or (2) achieve some or all of the enrollment policy goal.

In its November 2002 estimate, OFM calculated that an additional 33,600 FTEs would be needed between FY 2003 and FY 2010 to maintain the current service

level. Funding for enrollments to meet technology and workforce needs, K-12 reform, or other policy objectives would then either be added to this number or separately identified as budget decision items that would be considered in addition to the base budget level.

Including a specific item in the presentation of base budget requests to fund new FTEs to maintain the current service level would be helpful by clearly demonstrating the cost of this action. However, items presented in base budget requests, or decision items that are proposed in addition to base budgets, may be funded – or not. There is no requirement that any element of a base budget request be included in the final budget recommendation. Therefore, the direct benefit of this option is to provide information for consideration in the budget process, not to control the outcome of budget decisions.

2. **Enacting in statute a guarantee for added enrollment funding.** This option would be more prescriptive than option 1, and should be more likely to provide additional resources. It makes a much stronger commitment to increasing higher education access, putting added enrollments on an equal footing with other “entitlement” programs in the state budget. The enrollment level to be guaranteed would have to be determined. It could be to maintain the current service level, or to achieve some other level of enrollment commitment that is adopted.

While this approach improves the likelihood that additional funding would be provided because the statement of commitment is stronger, there is still the opportunity for the state to decide not to fund the statutorily-prescribed target. When the state’s financial condition worsens, the Legislature may decide to postpone or reduce funding for entitlement programs – and higher education enrollment funding in any particular budget process could be restricted.

3. **Proposing a constitutional amendment to guarantee access to higher education,** similar to the constitutional guarantee currently provided for a basic education in the K-12 system. Again, the level of enrollment guarantee would need to be determined. It could be to maintain the current service level, or to achieve some other level of enrollment commitment that is adopted. Also, it could apply to the first two years of college or to the completion of the first terminal degree or certificate.

This alternative would further reduce the risk that the number of enrollments would be funded at a level below the defined target or standard. Care would need to be exercised in determining the level of state support per student that is provided.

This approach could be considered a logical extension of the K-12 basic education guarantee, which is justified by evolving technology and the growing complexity of jobs. The timing for such a proposal may be appropriate, given efforts currently

under way to reform K-12 education and produce higher-performing students who will pursue a variety of educational pathways. These higher-performing students should be more likely to seek a college education, and many of the pathways should bridge the K-12 system and higher education. Limiting education reform to the completion of high school will not be sufficient to meet the needs of students, employers, the economy or the state in the 21st century.

The requirements to approve a constitutional amendment are:

- (a) Secure a two-thirds majority of both houses of the Legislature, and
- (b) Secure a simple majority of the voters in the next general election.

Key Challenges

Extending a state enrollment funding commitment or guarantee raises a number of implementation issues, including the following.

- **Establishing an adequate level of per-student state funding.** Adequate state funding for both base education budgets and new enrollments is essential. Otherwise, the real opportunity for students to receive a quality education will be denied.
- **Apportioning the additional enrollments between the two-year and four-year sectors and among the various institutions.** The processes and expectations for institutions to create and change programs to meet changing needs (student, social and economic) needs to be addressed.
- **Smoothing students' transitions from high school to college,** and improving the student transfer process among higher education institutions.
- **Assessing the impact on state support for graduate education and retraining.** The commitment and expectations for funding graduate education and worker retraining would need to be determined, assuming that they would fall outside the funding guarantee. These are critical components of the higher education system and must be preserved and enhanced.
- **Examining the implications for tuition and financial aid.** A funding commitment or guarantee for state support does not provide true opportunity for students if either tuition charges or inadequate financial aid preclude students from enrolling.

Key Benefits

Adopting and implementing an enrollment funding commitment or guarantee will provide greater predictability and certainty.

- Students and their families will be able to plan for opportunities to attend at least the level of higher education supported by the state's funding commitment.
- Colleges and universities will be able to plan for and accommodate growth and program changes in a carefully considered multi-year framework, rather than being forced to respond to changing budget outcomes.
- The state will be able to forecast financial requirements to implement the enrollment funding policy for years into the future.
- Employers will be able to prepare for a flow of better-trained workers to fill the jobs of the 21st century.
- Communities around the state will be able to count on an educated population that can contribute to improving the social, cultural and community aspects of living in Washington.



February 2003

Washington Association of Independent Colleges and Universities (WAICU)

WAICU president, Violet A. Boyer, will update the Higher Education Coordinating Board on activities in the independent college sector, including some new programs, areas where the colleges are expanding capacity, and other HECB-related items.

Invest in Washington

One student at a time

FOUNDED

In 1953 by the college and university presidents, and Washington business leaders

MISSION

To facilitate a vibrant independent college sector to ensure students can attend the college that best serves their interests, needs and aspirations.

PURPOSE

To support and promote independent liberal arts higher education in Washington state by:

- Advocating public policy that recognizes private colleges as a vital partner
- Raising funds for distribution to members
- Coordinating collaborative activities
- Increasing the visibility of independent higher education

WAICU MEMBERS

There are currently ten colleges and universities that are members of WAICU.

- Gonzaga University
- Heritage College
- Pacific Lutheran University
- Saint Martin's College
- Seattle University
- Seattle Pacific University
- University of Puget Sound
- Walla Walla College
- Whitman College
- Whitworth College

www.ICWashington.org



Invest in Washington...

One student at a time.



Washington Association of
Independent Colleges and Universities

Independent Colleges of Washington

GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

Our 10 colleges:



COLLEGES WORKING TOGETHER

- *Public policy*
- *Fundraising*
- ***Collaborations***
- *Visibility*

GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

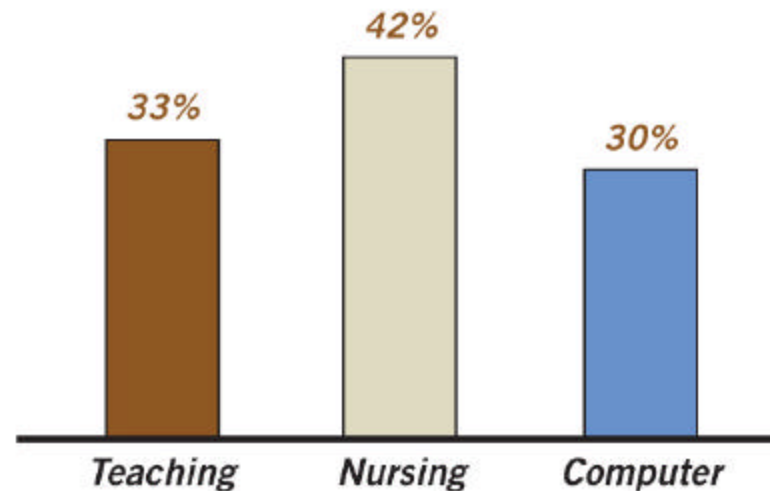
WHO WE ARE

- ***30,000 students***
 - ***Every county, every community college, every state, more than 50 countries***
- ***73% of students receiving their degree do so in four years (54% statewide average)***
- ***Produce 22% of all baccalaureate and higher degrees awarded in Washington***

ICW RESOURCES:

Graduate students in critical areas

*Percentage of degrees granted
by independent colleges*



GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

ICW SOLUTIONS:

Capacity for more students

10,000 additional students, including:

- *1,600 teachers*
- *900 computer scientists*
- *650 nurses*

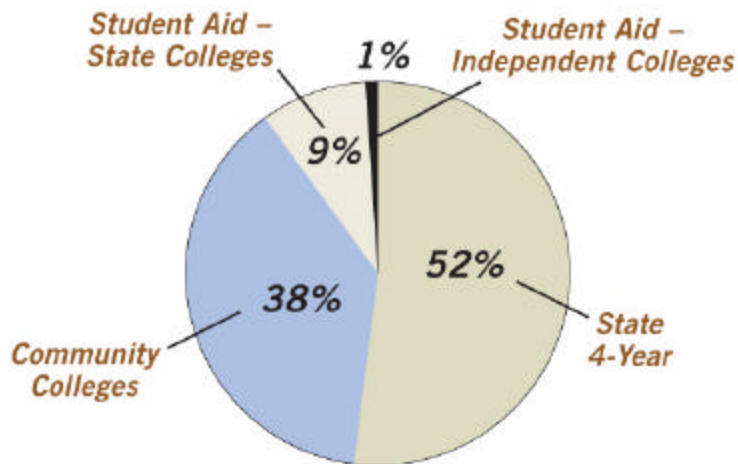


GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

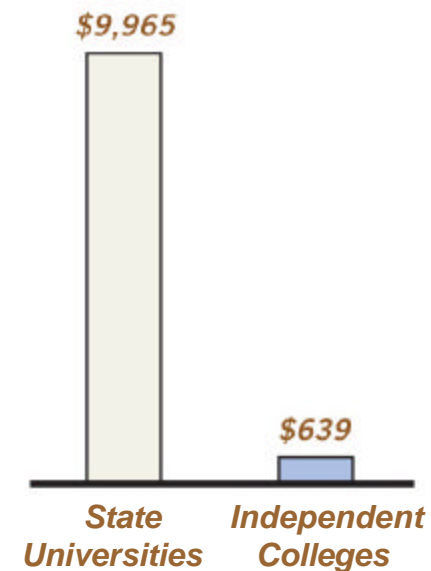
ICW SOLUTIONS:

Cost-effectiveness

State funding for higher education



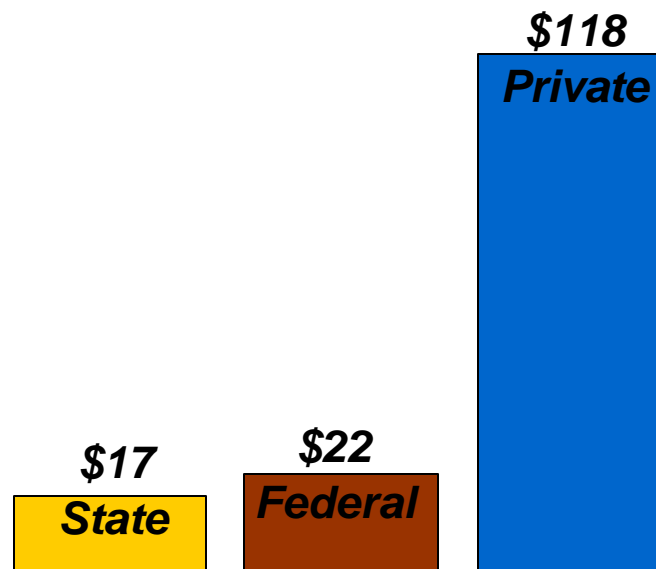
State assistance per student



GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

FINANCIAL AID TO STUDENTS

Grants, scholarships and work study



In millions

GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

INDEPENDENT COLLEGES



**GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE**

GONZAGA UNIVERSITY



- ***5,558 students***
- ***Enrollment growth***
- ***Nursing program***
- ***Business ethics***



GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

HERITAGE COLLEGE



- ***1,276 students***
- ***Outreach to rural areas***
- ***Entrepreneurial***
- ***Nursing***



GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

PACIFIC LUTHERAN UNIVERSITY



- ***3,385 students***
- ***Alternate routes to certification***
- ***Nursing***
- ***Cross-disciplinary program integration***



GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

SAINT MARTIN'S COLLEGE



- ***1,427 students***
- ***Non-traditional students***
- ***Pacific Rim studies***
- ***Engineering***



SAINT MARTIN'S COLLEGE

GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

SEATTLE PACIFIC UNIVERSITY



- ***3,684 students***
- ***Teacher certification***
- ***Technical degree to bachelors degree***
- ***Nursing***



GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

SEATTLE UNIVERSITY



- ***6,337 students***
- ***Nursing immersion***
- ***Community Justice Project***
- ***Business and Economics***



GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

UNIVERSITY OF PUGET SOUND



- ***2,846 students***
- ***Asian studies***
- ***Professional school acceptance***
- ***Community Service***



GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

WALLA WALLA COLLEGE



- ***1,865 students***
- ***Aviation***
- ***SIFE***
- ***Technology - graphics***



GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

WHITMAN COLLEGE



- ***1,454 students***
- ***Speech and Debate***
- ***Internships***
- ***Stateline wind project***

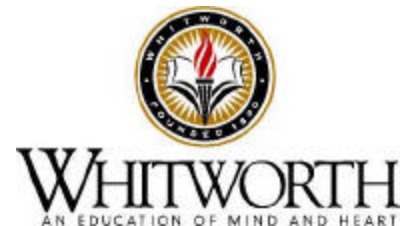
WHITMAN COLLEGE

GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

WHITWORTH COLLEGE



- ***2,206 students***
- ***Teachers of Color***
- ***Global commerce & Management***
- ***Cross-cultural studies***



GONZAGA UNIVERSITY HERITAGE COLLEGE PACIFIC LUTHERAN UNIVERSITY SAINT MARTIN'S COLLEGE SEATTLE PACIFIC UNIVERSITY
SEATTLE UNIVERSITY UNIVERSITY OF PUGET SOUND WALLA WALLA COLLEGE WHITMAN COLLEGE WHITWORTH COLLEGE

IN SHORT, INDEPENDENT COLLEGES ARE...

- ***Excellent resource to state***
- ***Expanding opportunities***
- ***Addressing regional needs***
- ***Reaching across the Pacific Rim***
- ***Involved in communities***



February 2003

The University of Washington's Proposed Changes to Residency Requirements: Status Report

Background

The University of Washington's proposed changes to residency requirements were presented at the January 2003 Higher Education Coordinating Board (HECB) meeting. These changes can be summarized as falling into three broad categories:

- A stricter institutional policy for monitoring student compliance with the existing Washington Administrative Code (WAC) requiring students enrolled for six or more credits to overcome the presumption that they reside in the state primarily for educational purposes.
- Wording in certain sections which requires stronger evidence or proof than was formerly required (e.g., "convincing" rather than "satisfactory" or "reasonable").
- More stringent requirements and proof required of students for establishing financial independence. Specific changes include:
 - Evidence of coverage for medical, life, automobile, and property insurance are to be considered when evaluating financial independence vs. dependence;
 - Students must meet 80 percent of the total of nonresident tuition plus living expenses as calculated by the institution's financial aid office, through his or her own income – not counting personal loans, loans, gifts, or cash earnings;
 - A trust fund would be considered evidence of financial dependence rather than financial independence;
 - A student cannot receive significant financial assistance in any form directly or indirectly from his or her parents or legal guardians for the current calendar year immediately prior to the year in which application is made.

Actions to Date

At the January Board meeting, Tim Washburn from the University of Washington stated his intent to make two changes to the UW's proposal:

- Do not exclude financial aid loans as legitimate sources of income for establishing financial independence.
- Require that students provide proof of financial independence by showing they can meet an optimal minimum of 80 percent, but no less than 50 percent of their expenses as defined by the institution's financial aid office, including nonresident tuition, from their own resources.

This may not comply with the statutory requirement that the institutions apply "uniform rules" as prescribed in RCW 28B.15.102 through .014 and "not otherwise." We have asked for clarification from the Attorney General's office.

In addition to the two points clarified by Tim Washburn, other public institutions present at the meeting provided the following feedback:

- Phase or "grandfather" in changes.
- Consider effect on graduate students and their tuition waivers.
- If a student is assigned a residency classification at one institution, how will that decision carry over to other institutions?
- Need-based financial aid should be considered a legitimate source of income for establishing financial independence.
- It may take the institutions some time to determine what type of evidence is "convincing."
- Suggestion that the WAC require that students provide proof of financial independence by showing they can meet 51 percent of their expenses.

In response to the institutions' comments, and in order to keep the WAC uniformly applicable, the HECB and the Council of Presidents arranged a conference call on February 6, 2003. Representatives from each public institution were present.

The institutions agreed that the changes should be phased in. The timing may be different between the institutions, as they will apply the new rules in accordance with when students were informed about them. The effect on graduate students was agreed to be manageable, given flexibility with tuition rates and some waivers. It was agreed that a student who was assigned nonresident status at one institution would remain in that status at the next institution he or she

attended (unless evidence was present to the contrary). However, resident students would not necessarily remain in their original classification when moving from one institution to another.

Although it was agreed that financial aid-type loans should not be excluded as a source of income, confusion still exists about the definition of “loans” and which types of loans might be considered as a source of income when determining financial independence.

Application of the term “convincing” in place of “satisfactory” was not agreed upon and will be referred to the Attorney General, as it conflicts with the governing statute.

Proof of financial independence, and the percentage of expenses required to be met by the student, were also not agreed upon among the institutions. It was pointed out that some students live on far less than the financial aid office's estimate of expenses. The exclusion of trust funds for proof of financial independence remains problematic. There were some suggestions that age 24 be used as a cutoff for financial independence.

Next Steps

As soon as the Attorney General's office clarifies the statutory issues and the institutions have come to agreement on the language, the HECB staff will recommend that the HECB begin the public process to change the rules (Washington Administrative Code).